

**NORTH HANOVER BOARD OF EDUCATION**

North Hanover, New Jersey

County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**NORTH HANOVER BOARD OF EDUCATION**

**NORTH HANOVER, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared by**

**The Business Office of the North Hanover Board of Education**



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**INTRODUCTORY SECTION**

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December 11, 2015

Honorable President and  
Members of the Board of Education  
North Hanover Township School District  
County of Burlington, New Jersey

Dear Board Members:

The comprehensive annual financial report of the North Hanover Township School District for the fiscal year ending June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and other non-profit organizations", and the state Treasury Circular Letter 04-04 OMB; "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, findings, and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES** North Hanover Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The North Hanover Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, transitional as well as special education for handicapped youngsters. The District for the 2014-2015 fiscal year had an average daily enrollment of 1,209 students, which is a decrease of 58 students from the previous year's enrollments. The following details the changes in the student enrollment of the District over the last twenty three (23) years:

<b>Average Daily Enrollment</b>		
<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2014/2015	1,209	-4.58%
2013/2014	1,267	1.93%
2012/2013	1,243	0.81%
2011/2012	1,233	4.31%
2010/2011	1,182	3.41%
2009/2010	1,143	0.26%
2008/2009	1,140	-1.81%
2007/2008	1,161	-4.05%
2006/2007	1,210	-5.62%
2005/2006	1,282	-2.73%
2004/2005	1,318	-2.01%
2003/2004	1,345	-3.52%
2002/2003	1,394	-4.85%
2001/2002	1,465	-0.81%
2000/2001	1,477	-5.74%
1999/2000	1,567	0.51%
1998/1999	1,559	-3.82%
1997/1998	1,621	-0.43%
1996/1997	1,628	-4.63%
1995/1996	1,707	-3.61%
1994/1995	1,771	9.73%
1993/1994	1,614	-3.64%
1992/1993	1,675	-9.46%

**2) ECONOMIC CONDITION AND OUTLOOK:** The local community of North Hanover Township is not experiencing any major development or expansion. The student population is on a slight downswing, possibly due to reduction in preschool students at the JB-MDL. In addition to the local community students, the District has the responsibility of educating the students of families assigned to Joint Base MDL: the Department of Defense’s first joint base and the only joint base that consolidated Air Force, Army and Navy installations. Although base housing is filled to near capacity, the District has been informed that additional land is available for housing. If additional missions move to JB-MDL there could be an impact on enrollment.

**3) MAJOR INITIATIVES:** A new school housing all the fifth and sixth grade students under one roof was completed and opened in September 2007. In January of 2011 a team from the Department of Defense Education Activity (DoDEA) inspected the schools on Base and prepared a report on the condition of those schools. This report was reviewed by Congress and Congress has thus far, appropriated two (2) rounds of funding for the renovations or replacement of schools nationwide identified in the report. In early spring of 2012, the District was invited to apply for funding to the (Federal) Office of Economic Adjustment (OEA). District administrative staff and Board Members attended a meeting which described and outlined the application process. It was made clear by the staff of the OEA that it was a noncompetitive process. After considerable review and in consultation with the entire Board, an application was filed to apply for the funding of the construction of a new school on Base to replace both of the Columbia and Atlantis Schools, thus, a community school for children living on Base in grades 1-4. The application also requested funds for the renovations of the Discovery School

### **3) MAJOR INITIATIVES (continued):**

which, when completed would provide for an expanded preschool program for all children served by the District. Upon further review and with consultation from the District Architect, the funding for renovation of Discovery was considered inadequate and would take necessary money away from the construction of a new school. Discovery School will now also be demolished. One school, with a capacity for 890 students, will be built for military students from grades Pre-K through grade 4. An architect, engineer and construction manager has been hired, and the district anticipates completing the grant process by February or March of 2016. As part of this initiative, the Columbia School was demolished in July 2015.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimate and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line items basis. Open encumbrances at year-end either are canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the District is organized based on funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

**7) FINANCIAL INFORMATION AT FISCAL YEAR END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenues for the fiscal year ending June 30, 2015 and the amount and percentage of increase in relating to prior year revenues.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease) from 2014</b>	<b>Percent of Increase/(Decrease)</b>
Local Sources	\$ 2,932,411	11.44%	274,996	10.35%
State Sources	13,617,625	53.14%	234,962	1.76%
Federal Sources	9,078,264	35.42%	1,908,679	26.62%
<b>Total</b>	<b>\$ 25,628,300</b>	<b>100.00%</b>	<b>2,418,637</b>	<b>10.42%</b>

The following schedule presents a summary of general fund expenditures for the fiscal year ending June 30, 2015:

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease) from 2014</b>	<b>Percent of Increase/(Decrease)</b>
<b>Current Expense/ Special Revenue</b>				
Instruction	\$ 8,953,522	37.34%	(527,961)	-5.57%
Undistributed Expenditures	14,200,295	59.22%	(455,872)	-3.11%
Capital Outlay	826,458	3.45%	502,228	154.90%
<b>Total</b>	<b>\$ 23,980,275</b>	<b>100.00%</b>	<b>(481,605)</b>	<b>-1.97%</b>

**8) CASH MANAGEMENT:** The investment policy of the District is by state statute as detailed in “Notes to the Financial Statements”, Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**9) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

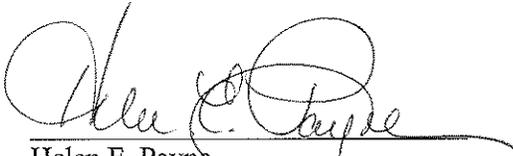
**10) OTHER INFORMATION:**

A) **Independent Audit** – State statutes require an annual audit by independent certified public accounts or registered municipal accountants. Mr. Kevin Frenia, CPA, was selected by the Board to serve as auditor. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor’s report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports, related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the North Hanover Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



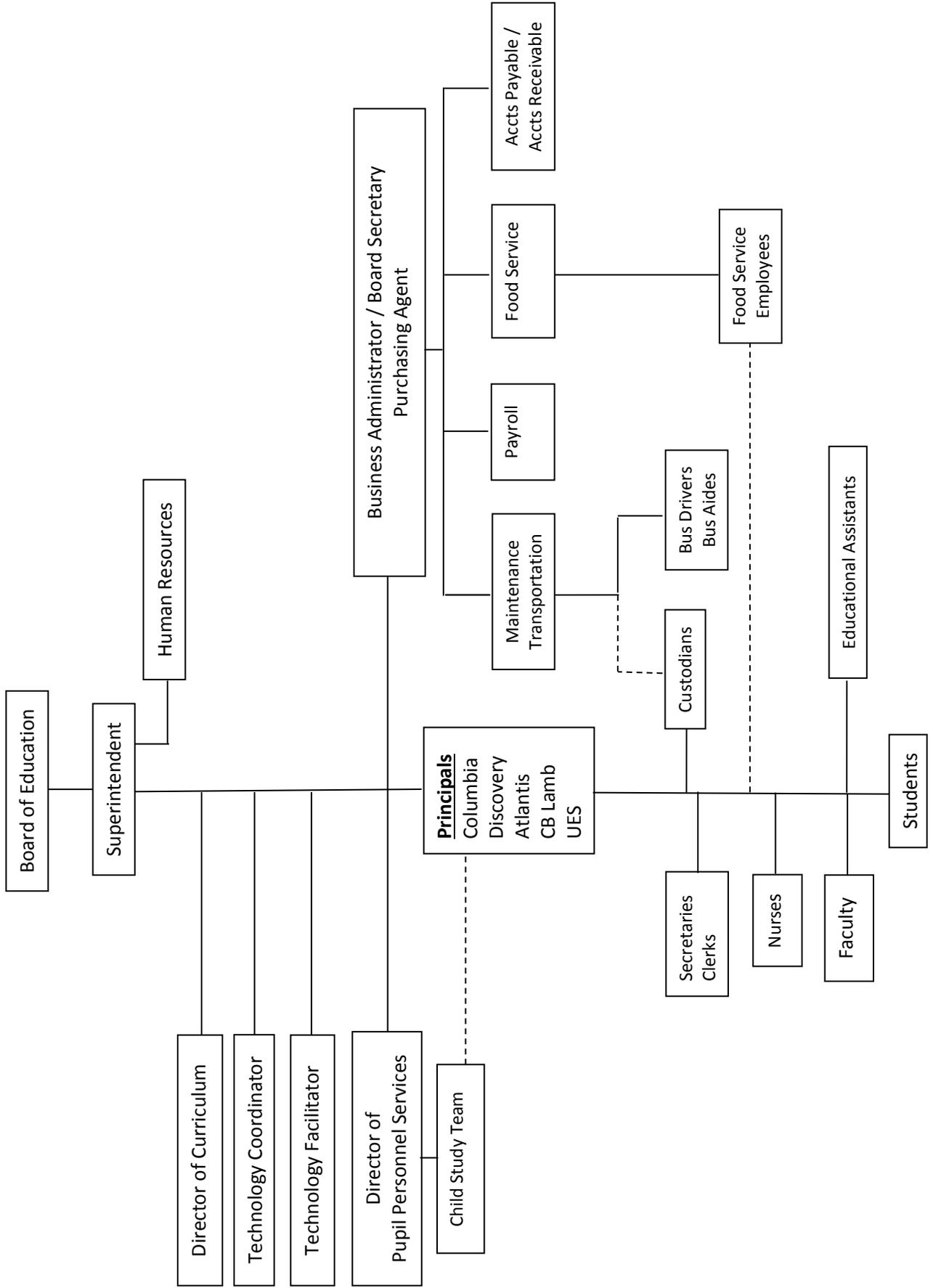
Helen E. Payne  
Superintendent of Schools



Amy S. Lerner  
School Business Administrator/  
Board Secretary

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# NORTH HANOVER TOWNSHIP PUBLIC SCHOOLS



**NORTH HANOVER BOARD OF EDUCATION  
331 Monmouth Road  
Wrightstown, New Jersey 08562**

**ROSTER OF OFFICIALS  
JUNE 30, 2015**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Charles M. Schroeder, President	2015
William C. Sullivan, Sr., Vice President	2016
Janet W. Bruder	2016
Nancy Morrow	2017
Ronald DeBaecke	2017
Lieutenant Colonel Thorsten Curcio, Base Liaison	

**OTHER OFFICIALS**

Helen E. Payne, Superintendent  
Amy S. Lerner, Business Administrator/Board Secretary  
Peggy Ianoale, Treasurer  
Victor Medina, Esq., Solicitor

**NORTH HANOVER BOARD OF EDUCATION  
331 Monmouth Road  
Wrightstown, New Jersey 08562**

**CONSULTANTS AND ADVISORS**

**INSURANCE AGENT**

EJA/Capacity Insurance Agency  
217 Route 130  
Bordentown, New Jersey 08505

**AUDIT FIRM**

Holman Frenia Allison, P. C.  
Kevin P. Frenia, CPA  
618 Stokes Road  
Medford, New Jersey 08055

**ATTORNEY**

Victor Medina, Esq.  
65 South Main St.  
Pennington, New Jersey 08534

**OFFICIAL DEPOSITORY**

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
North Hanover Board of Education  
County of Burlington  
Wrightstown, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the North Hanover Board of Education, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the North Hanover Board of Education, County of Ocean, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplementary information schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Hanover Board of Education's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance are the

responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of the North Hanover Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Hanover Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
December 11, 2015

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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# NORTH HANOVER TOWNSHIP BOARD OF EDUCATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS For The Fiscal Year Ended June 30, 2015

### UNAUDITED

The Management Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the *Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – Management's Discussion and Analysis for State and Local Governments* (commonly referred to as GASB 34) issued in June 1999, and is required to be incorporated by the New Jersey Department of Education.

#### Objectives:

In the Concepts Statement No. 1, Objective of Financial Reporting, the GASB established a number of objectives of financial reporting by state and local governments and GASB further believes that the MD&A will help users to:

- Evaluate the operating results of the government for the year (GASB Concepts Statement No. 1, paragraph 78) by providing an easily readable summary of operating results and the reasons for changes in the components of operating results.
- Assess the financial position and condition of the government and determine whether the government's financial position improved or deteriorated as a result of the year's operations (paragraph 78c and 79a) by providing financial management's analysis directed specifically to this point, including the reasons for changes.
- Determine whether current-year revenues were sufficient to pay for current-year services (paragraph 77a) by discussing operating results, including decisions already made that will affect future operations.
- Understand the sources and uses of financial resources (paragraph 78a) by providing an analysis of the balances and transaction of individual funds, particularly for *governmental* funds.
- Understand how the government financed its activities and met its cash requirements (paragraph 78b) by describing (a) important economic factors, such as changes in tax or employment bases, that significantly affected operating results for the year; and (b) debt limitations that may affect the financing of planned facilities or services and any changes in credit ratings.
- Determine whether resources were obtained and used in accordance with the entity's legally adopted budget (paragraph 77b) by providing management's analysis of significant variations between original and final budget amounts and between final budget and actual amounts for the government's general fund.
- Assess the service efforts, costs and accomplishments (SEA) of the governmental entity (paragraph 77c) by discussing currently known facts that are expected to affect the services a government provides and the cost of those services.

- Assess the level of services that can be provided by the government and its ability to meet obligations as they become due (paragraph 79) by describing debt limitations, changes in credit ratings, reasons for significant changes in individual fund balances and the effect of any limitations on their use, as well as important economic factors that significantly affected operating results for the year.
- Gain information about a government's physical and other nonfinancial resources having useful lives that extend beyond current year (paragraph 79b) by describing significant capital assets activity during the year, commitments made to acquire new capital assets, and in some cases, the condition level of infrastructure assets.
- Assess legal or contractual restrictions on resources and risks of potential loss of resources (paragraph 79c) by describing debt limitations and any changes in credit ratings, limitations on individual fund balances, as well as currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

Thus, it is the objective of this statement to assess for the readers the financial position of the North Hanover Township School District and to explain the major sources of revenues.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) Governmental Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**District-Wide Financial Statements.** The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to the reporting for the private sector. For governmental entities these statements tell how services were financed and what remains for future spending.

The combined statement of net assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The combined statement of activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

## **GASB 68**

As described in Note 20 to the financial statements, "Prior Period Adjustment/Restatement of Net Position", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the year ended June 30, 2015. The adoption of this principal resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of \$59,088,704, as indicated in Note 20 to the financial statements.

**Fund Financial Statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, debt service fund and permanent fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

### ***Proprietary Funds***

The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The proprietary fund has been included within business-type activities in the district-wide financial statements.

The food services fund detail financial statements can be found as Exhibits G-1 through G-3 in this report.

### ***Fiduciary funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for payroll transactions and the District' unemployment trust fund and sick pay benefits fund. The basic fiduciary fund financial statements can be found as Exhibits H-1 and H-3 in this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

**Other information.** The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

### **Overview of the District as a Whole**

The North Hanover Township School District is a pre-k to grade 6 district serving the children of those who live in North Hanover and at the Joint Base MDL (McGuire, Dix, Lakehurst). State Aid, local tax levy and a payment from the Federal government in lieu of taxes, known Impact Aid, are the primary revenues. There are five (5) school buildings: three (3) of which are owned by the U.S. Department of Education (USDOE). The three (3) schools which are owned by the USDOE are located on land owned by Joint Base MDL and which, in turn, is leased to the North Hanover Township Board of Education at no fee. Contracts were awarded in April 2004 for the construction of a 124,934 square foot school, known as the Upper Elementary School, which was designed with the intent to replace one school on Base as well as combine the children educated in that school, i.e. 5<sup>th</sup> and 6<sup>th</sup> grade, with those in the same grades from the C.B. Lamb Elementary School. The Upper Elementary School was substantially completed for the 2007/2008 school year, and, in turn, ownership of one school on Base was transferred from the U.S. Department of Education to the then called McGuire Air Force Base.

A new school housing all the fifth and sixth grade students under one roof was substantially completed and opened in September 2007. In January of 2011 a team from the Department of Defense Education Activity (DoDEA) inspected the schools on Base and prepared a report on the condition of those schools. This report was reviewed by Congress and Congress has thus far, appropriated two (2) rounds of funding for the renovations or replacement of schools nationwide identified in the report. In early spring of 2012, the District was invited to apply for funding to the (Federal) Office of Economic Adjustment (OEA). District administrative staff and Board Members attended a meeting which described and outlined the application process. It was made clear by the staff of the OEA that it was a noncompetitive process. After considerable review and in consultation with the entire Board, an application was filed to apply for the funding of the construction of a new school on Base to replace both of the Columbia and Atlantis Schools, thus, a community school for children living on Base in grades 1-4. The application also requested funds for the renovations of the Discovery School which, when completed would provide for an expanded preschool program for all children served by the District. Upon further review and with consultation from the District Architect, the funding for renovation of Discovery was considered inadequate and would take necessary money away from the construction of a new school. Discovery School will now also be demolished. One school, with a capacity for 890 students, will be built for military students from grades Pre-K through grade 4. An architect, engineer and construction manager has been hired, and the district anticipates completing the grant process by February or March of 2015.

Revenues received by the District are primarily Impact Aid from the Federal government, as well as State Aid and a local tax levy.

### **Financial Highlights**

Some of the significant financial highlights of the 2014/2015 school year (FY'15) as compared to the 2013/2014 school year (FY'14):

- There was an increase in general revenues of \$207,831, or .91%, and a decrease in expenses of \$3,126,148 or 12.20%. However, cash and cash equivalents increased by \$1,505,171.49 or 6.51%.
- Impact Aid, which is enrollment and formula driven based upon three (3) year old data, increased by \$1,797,929 or 26.46%.

- Unallocated benefits decreased by \$2,297,903 or 34.05%.
- Plan changes achieved through collective bargaining as well as increased contributions required by the State to health insurance resulted in a modest decrease in health benefits.
- An increase was realized in Special Education costs as more special needs students were educated within the District; but a portion of these costs were offset by a subsequent reduction in tuition paid to other districts or to private schools for the disabled as more students are being educated within the District.
- Miscellaneous revenue decreased for the sixth consecutive year due to low interest rates affecting earnings on investments, as the Federal Reserve continued to keep interest rates down in an effort to stimulate the slumping economy as well as the fact that banking institutions offered even lower interest rates on investments.
- Costs for plant operation and maintenance increased by \$488,368 or 24.52%.

The following table, also shown as Exhibit A-1, is a worksheet indicator of the District's financial position:

<b>Table A-1</b>		
<b>North Hanover Township Board of Education</b>		
<b>Net Position</b>		
<b>As of June 30, 2015</b>		
	<b><u>June 30, 2015</u></b>	<b><u>June 30, 2014</u></b>
Current and Other Assets	\$ 27,025,803	\$ 25,352,096
Capital Assets	40,830,593	44,218,946
<b>Total Assets</b>	<u>67,856,396</u>	<u>69,571,042</u>
Deferred Outflows Related to Pensions	575,440	-
<b>Total Deferred Outflows</b>	<u>575,440</u>	<u>-</u>
Long-term Liabilities	7,528,256	254,617
Other Liabilities	364,693	17,797
<b>Total Liabilities</b>	<u>7,892,949</u>	<u>272,414</u>
Deferred Inflows Related to Pensions	651,573	-
<b>Total Deferred Inflows</b>	<u>651,573</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	40,830,593	44,218,946
Restricted	24,314,218	25,303,917
Unrestricted	(5,257,497)	(224,235)
<b>Total Net Position</b>	<u>\$ 59,887,314</u>	<u>\$ 69,298,628</u>

## **Financial Analysis of the District's Funds**

As discussed previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental fund is to provide information on near term inflows, outflows, as balance, of spendable resources. Such information is useful in assessing the District financing requirements. The unreserved fund balance is divided between designated balance and undesignated balances.

## **Financial Information at Fiscal Year End**

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund for the fiscal year ended June 30, 2015 and the amount and percentage of increase and (decrease) in relation to prior year revenues.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease) from 2014</b>	<b>Percent of Increase/(Decrease)</b>
Local Sources	\$ 2,932,411	11.44%	\$ 274,996	10.35%
State Sources	13,617,625	53.14%	234,962	1.76%
Federal Sources	9,078,264	35.42%	1,908,679	26.62%
<b>Total</b>	<b>\$ 25,628,300</b>	<b>100.00%</b>	<b>\$ 2,418,637</b>	<b>10.42%</b>

The following schedule presents a summary of the general fund expenditures for the fiscal year ended June 30, 2015 and the percentage of increase and (decrease) relative to FY'14 amounts.

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease) from 2014</b>	<b>Percent of Increase/(Decrease)</b>
<b>Current Expense/ Special Revenue</b>				
Instruction	\$ 8,953,522	37.34%	\$ (527,961)	-5.57%
Undistributed Expenditures	14,200,295	59.22%	(455,872)	-3.11%
Capital Outlay	826,458	3.45%	502,228	154.90%
<b>Total</b>	<b>\$ 23,980,275</b>	<b>100.00%</b>	<b>\$ (481,605)</b>	<b>-1.97%</b>

The modest increases in both instruction and undistributed expenditures were indicative of a maintenance budget with no new programs being introduced.

A significant decrease in the area of capital outlay was realized as equipment needs were met in previous years and there was limited construction activity as the major renovation project, i.e. the renovations to the Columbia and Discovery Schools, was placed on hold pending the results and outcome on the application to the (Federal) Office of Economic Adjustment for funding of a new building on Joint Base MDL.

## General Fund Budgetary Highlights

Capital improvements and the purchase of new equipment over the past few years resulted in significant reductions in the cost to maintain the plant and the school bus fleet.

A contract was awarded for the installation of solar panels on the Upper Elementary School in August of 2009 but delayed by litigation. After a rather long drawn out battle, the Courts ruled in favor of the Board in March of 2010; the project got underway shortly thereafter. The project was completed in April of 2011 and has resulted in significantly lower energy costs. It is evident that when combined with geothermal energy, solar panels offer an opportunity for energy savings.

Significant benefit changes achieved through collective bargaining requiring the enrollment of new hires into managed care plans and only providing coverage for the employee, as well as requiring the contribution by employees toward their health care costs beginning in the 2011/2012 fiscal year, has resulted in a more modest increase in benefits costs.

Throughout the year budget transfers were effectuated between accounts to realign the 2014-2015 budget. Most of the transfers were in the area of salaries for special education staff to accommodate an increase in the enrollment of special needs children being educated within the District.

**Proprietary Funds.** The District's proprietary fund provides the same type of information found in the district wide financial statements.

The Food Service operates under the enterprise fund. There was a increase in operating expenses of \$18,435 due primarily to an increase in cost of salaries and benefits, as well as a reduction of cost of sales. There was also a decrease in operating revenue of \$13,015; but an increase in nonoperating revenues of \$280,620 due primarily to an increase in Impact Aid funds infused.

<b><u>General Fixed Assets</u></b>						
	<b>June 30, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>June 30, 2015</b>	
Land	\$ 98,818	\$ -	\$ -	\$ -	\$ 98,818	
Total Non-Depreciable	\$ 98,818	\$ -	\$ -	\$ -	\$ 98,818	
Buildings	46,611,956	-	-	-	46,611,956	
Leasehld Improvements	-	-	-	-	-	
Machinery & Equipment	3,075,580	224,551	-	-	3,300,131	
Subtotal	49,687,536	224,551	-	-	49,912,087	
Accumulated Depreciation	(8,069,278)	\$ (1,327,347)	-	\$ -	(9,396,625)	
Total Depreciable	\$ 41,618,258	\$ (1,102,796)	\$ -	\$ -	\$ 40,515,462	

The increase in net capital assets appears in the addition column, which is primarily due to new equipment acquired and building improvements.

### **Economic Factors and the Forecast on the 2015/2016 (FY'15) Budget**

The District anticipates that the approved 2015-2016 budget will be adequate to satisfy all 2015-2016 financial needs.

### **Requests for Information**

This financial report is designed to provide a general overview of the North Hanover Township School District's finances. Questions concerning any of the information contained in this report or any requests for additional information should be addressed to the Business Administrator/Board Secretary at the Upper Elementary School, located at 331 Monmouth Road, in North Hanover Township with a Post Office address of Wrightstown, NJ, 08562.

**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**NORTH HANOVER BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS JUNE 30, 2015
Cash & Cash Equivalents	\$ 24,608,645	\$ 2,142	\$ 24,610,787
Receivables, Net	328,001	43,073	371,074
Inventory	-	10,849	10,849
Restricted Assets:			
Capital Reserve Account- Cash	2,033,093	-	2,033,093
Capital Assets , Non-Depreciable (Note 5)	98,818	-	98,818
Capital Assets, Depreciable, Net (Note 5)	40,515,462	216,313	40,731,775
<b>Total Assets</b>	<b>67,584,019</b>	<b>272,377</b>	<b>67,856,396</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	575,440	-	575,440
<b>Total Deferred Outflows of Resources</b>	<b>575,440</b>	<b>-</b>	<b>575,440</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>68,159,459</b>	<b>272,377</b>	<b>68,431,836</b>
<b>LIABILITIES</b>			
Accounts Payable	16,237	-	16,237
Pension Payable	346,896	-	346,896
Unearned Revenue	1,560	-	1,560
Noncurrent Liabilities (Note 6):			
Due Beyond One Year	7,528,256	-	7,528,256
<b>Total Liabilities</b>	<b>7,892,949</b>	<b>-</b>	<b>7,892,949</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	651,573	-	651,573
<b>Total Deferred Inflows of Resources</b>	<b>651,573</b>	<b>-</b>	<b>651,573</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>8,544,522</b>	<b>-</b>	<b>8,544,522</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	40,614,280	216,313	40,830,593
Restricted for:			
Other Purposes	24,314,218	-	24,314,218
Unrestricted	(5,313,561)	56,064	(5,257,497)
<b>Total Net Position</b>	<b>\$ 59,614,937</b>	<b>\$ 272,377</b>	<b>\$ 59,887,314</b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			TOTALS JUNE 30, 2015
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES		
Governmental Activities:							
Instruction:							
Regular	\$ 5,695,480	\$ -	\$ 413,488	\$ (5,281,992)	\$ -	\$ -	(5,281,992)
Special Education	2,233,963	-	-	(2,233,963)	-	-	(2,233,963)
Other Instruction	1,024,079	-	-	(1,024,079)	-	-	(1,024,079)
Support Services & Undistributed Costs:	0	-	-	0	-	-	0
Tuition	369,555	-	-	(369,555)	-	-	(369,555)
Attendance & Social Work	19,000	-	-	(19,000)	-	-	(19,000)
Health Services	364,743	-	-	(364,743)	-	-	(364,743)
Student & Instruction Related Services	1,570,191	-	60,933	(1,509,258)	-	-	(1,509,258)
Educational Media Services/ School Library	286,092	-	-	(286,092)	-	-	(286,092)
School Administrative Services	455,255	-	-	(455,255)	-	-	(455,255)
Other Administrative Services	1,213,853	-	-	(1,213,853)	-	-	(1,213,853)
Plant Operations & Maintenance	2,479,855	-	-	(2,479,855)	-	-	(2,479,855)
Pupil Transportation	1,497,840	-	-	(1,497,840)	-	-	(1,497,840)
Unallocated/Allocated Benefits	8,775,963	-	4,324,323	(4,451,640)	-	-	(4,451,640)
Transfer of Funds to Charter School	-	-	-	-	-	-	-
Increase/(Decrease) In Compensated Absences-							
Unallocated	5,666	-	-	(5,666)	-	-	(5,666)
Unallocated Depreciation	1,327,347	-	-	(1,327,347)	-	-	(1,327,347)
Total Governmental Activities	27,318,882	-	4,798,744	(22,520,138)	-	-	(22,520,138)

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			TOTALS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2015	
Business-Type Activities:							
Food Service	768,884	190,766	600,440	-	22,322		22,322
Total Business-Type Activities	768,884	190,766	600,440	-	22,322		22,322
Total Primary Government	\$ 28,087,766	\$ 190,766	\$ 5,399,184	(22,520,138)	22,322		(22,497,816)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				2,520,776	-		2,520,776
Federal & State Aid Unrestricted				20,113,960	-		20,113,960
Transportation				106,545	-		106,545
Tuition Received				25,197	-		25,197
Investment Earnings				127,333	3,162		130,495
Miscellaneous Income				152,560	-		152,560
Total General Revenues				23,046,371	3,162		23,049,533
Change In Net Position				526,233	25,484		551,717
Net Position - Beginning, as restated, See Note 20				59,088,704	246,893		59,335,597
Ending Net Position				\$ 59,614,937	\$ 272,377		\$ 59,887,314

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

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## B. Fund Financial Statements

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## Governmental Funds

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**NORTH HANOVER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	<u>TOTALS</u> JUNE 30, 2015
Cash & Cash Equivalents	\$ 24,783,175	\$ -	\$ 24,783,175
Receivables from Other Governments	151,911	176,090	328,001
Miscellaneous Accounts Receivable	-	-	-
Restricted Cash	2,033,093	-	2,033,093
Total Assets	<u>\$ 26,968,179</u>	<u>\$ 176,090</u>	<u>\$ 27,144,269</u>
<b>LIABILITIES &amp; FUND BALANCES</b>			
Liabilities:			
Cash Deficit	\$ -	\$ 174,530	\$ 174,530
Accounts Payable	16,237	-	16,237
Unearned Revenue	-	1,560	1,560
Total Liabilities	<u>16,237</u>	<u>176,090</u>	<u>192,327</u>
Fund Balances:			
Restricted for:			
Capital Reserve	2,033,093	-	2,033,093
Reserve for Impact Aid	11,731,329	-	11,731,329
Reserve for Impact Aid Capital Fund	10,549,796	-	10,549,796
Committed to:			
Other Purposes	2,299,790	-	2,299,790
Assigned to:			
Designated for Subsequent Year's Expenditures	337,934	-	337,934
Total Fund Balances	<u>26,951,942</u>	<u>-</u>	<u>26,951,942</u>
Total Liabilities & Fund Balances	<u>\$ 26,968,179</u>	<u>\$ 176,090</u>	

Amounts reported for *governmental activities* in the statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$50,010,905 and the accumulated depreciation is \$9,396,625	40,614,280
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	(76,133)
Pension payable is not recorded in the fund financial statements due to the fact that the payables are not due in the current period	(346,896)
Long-term liabilities, including pension payable, net pension liability, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(7,528,256)</u>
Net Position of Governmental Activities	<u>\$ 59,614,937</u>

**NORTH HANOVER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS <u>JUNE 30, 2015</u>
Revenues:			
Local Sources:			
Local Tax Levy	\$ 2,520,776	\$ -	\$ 2,520,776
Tuition	25,197	-	25,197
Interest Earned	127,333	-	127,333
Transportation	106,545	-	106,545
Other Local Revenues/Miscellaneous	152,560	-	152,560
Total Local Sources	<u>2,932,411</u>	-	<u>2,932,411</u>
State Sources	13,617,625	-	13,617,625
Federal Sources	8,603,843	474,421	<u>9,078,264</u>
Total Revenues	<u>25,153,879</u>	474,421	<u>25,628,300</u>
Expenditures:			
Current Expense:			
Regular Instruction	5,281,992	413,488	5,695,480
Special Education Instruction	2,233,963	-	2,233,963
Other Instruction	1,024,079	-	1,024,079
Support Services & Undistributed Costs:			
Tuition	369,555	-	369,555
Attendance & Social Work	19,000	-	19,000
Health Services	364,743	-	364,743
Student & Instruction Related Services	1,509,258	60,933	1,570,191
Educational Media Services/School Library	286,092	-	286,092
School Administrative Services	455,255	-	455,255
Central Services	361,546	-	361,546
Administration Information Technology	31,318	-	31,318
Other Administrative Services	820,989	-	820,989
Plant Operations & Maintenance	1,877,948	-	1,877,948
Pupil Transportation	1,497,840	-	1,497,840
Employee Benefits	6,545,818	-	6,545,818
Capital Outlay	826,458	-	826,458
Total Expenditures	<u>23,505,854</u>	474,421	<u>23,980,275</u>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	<u>1,648,025</u>	-	<u>1,648,025</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	1,648,025	-	1,648,025
Fund Balances July 1	25,303,917	-	<u>25,303,917</u>
Fund Balances June 30	<u>\$ 26,951,942</u>	\$ -	<u>\$ 26,951,942</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 1,648,025

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Capital Outlays	\$ 224,551	
Depreciation Expense	<u>(1,327,347)</u>	(1,102,796)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Unfunded TPAF Pension Expense	(2,216,815)	
State Share of Unfunded TPAF Pension Expense	2,216,815	
District Pension Contributions - PERS	320,018	
Pension Expense - PERS	<u>(333,348)</u>	(13,330.00)

Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Prior Year	219,510	
Current Year	<u>(225,176)</u>	(5,666)

Change in Net Position of Governmental Activities \$ 526,233

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## Proprietary Funds

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**NORTH HANOVER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015**

ASSETS	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS <u>FOOD SERVICE</u>	<u>TOTALS</u> JUNE 30, 2015
Current Assets:		
Cash	\$ 2,142	\$ 2,142
Accounts Receivable:		
State	1,011	1,011
Federal	42,062	42,062
Inventories	<u>10,849</u>	<u>10,849</u>
Total Current Assets	<u>56,064</u>	<u>56,064</u>
Fixed Assets:		
Equipment	564,300	564,300
Less; Accumulated Depreciation	<u>(347,987)</u>	<u>(347,987)</u>
Total Fixed Assets	<u>216,313</u>	<u>216,313</u>
Total Assets	<u>272,377</u>	<u>272,377</u>
NET POSITION		
Net Investment in Capital Assets	216,313	216,313
Unrestricted	<u>56,064</u>	<u>56,064</u>
Total Net Position	<u>\$ 272,377</u>	<u>\$ 272,377</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES  
EXPENSES AND CHANGES IN FUND NET POSITION  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS FOOD SERVICE	TOTALS  JUNE 30, 2015
Operating Revenues:		
Local Sources:		
Daily Sales-Reimbursable Programs	\$ 128,703	\$ 128,703
Daily Sales - Nonreimbursable Program	62,063	62,063
Total Operating Revenue	190,766	190,766
Operating Expenses:		
Salaries	331,652	331,652
Employee Benefits	179,534	179,534
Miscellaneous	6,647	6,647
Management Fee	32,500	32,500
Depreciation	198	198
Supplies and Materials	12,145	12,145
Cost of Sales	206,208	206,208
Total Operating Expenses	768,884	768,884
Operating Income/(Loss)	(578,118)	(578,118)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	4,883	4,883
Federal Sources:		
National School Lunch Program	169,487	169,487
National School Breakfast Program	36,050	36,050
Impact Aid	355,000	355,000
Food Distribution Program	35,020	35,020
Total Nonoperating Revenue/ (Expenses)	600,440	600,440
Other Financing Sources/(Uses):		
Interest Revenue- Board Contribution	3,162	3,162
Total Other Financing Sources/ (Uses)	3,162	3,162
Change in Net Position	25,484	25,484
Total Net Position - Beginning	246,893	246,893
Total Net Position - Ending	\$ 272,377	\$ 272,377

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**NORTH HANOVER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE	
	ACTIVITIES- ENTERPRISE FUNDS <u>FOOD SERVICE</u>	<u>TOTALS</u>  JUNE 30, 2015
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 190,766	\$ 190,766
Payments to Employees	(331,652)	(331,652)
Payments for Employee Benefits	(179,534)	(179,534)
Payments to Suppliers	(259,414)	(259,414)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(579,834)	(579,834)
Cash Flows From Noncapital Financing Activities:		
Cash Received From State & Federal Programs	4,303	4,303
Transfers Out	570,283	570,283
	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	574,586	574,586
Cash Flows From Investing Activities:		
Interest & Dividends	3,162	3,162
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	3,162	3,162
Net Increase/(Decrease) in Cash & Cash Equivalents	(2,086)	(2,086)
Balances - Beginning of Year	4,228	4,228
	<hr/>	<hr/>
Balances - Ending of Year	\$ 2,142	\$ 2,142
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (578,118)	\$ (578,118)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:		
Depreciation & Net Amortization	198	198
Change in Assets & Liabilities:		
(Increase)/Decrease in Inventory	(1,914)	(1,914)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	\$ (579,834)	\$ (579,834)
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The Accompanying Notes to the Financial Statements are an integral part of this Statement.

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Fiduciary Fund

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**NORTH HANOVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

	PRIVATE PURPOSE		TOTALS
ASSETS	SICK PAY BENEFITS	UNEMPLOYMENT COMPENSATION	JUNE 30, 2015
Cash & Cash Equivalents	\$ 225,177	\$ 186,062	\$ 411,239
Total Assets	225,177	186,062	411,239
NET POSITION			
Reserve for:			
Sick Pay Benefits	225,177	-	225,177
Unemployment Compensation	-	186,062	186,062
Total Net Position	\$ 225,177	\$ 186,062	\$ 411,239

**NORTH HANOVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

ADDITIONS	PRIVATE PURPOSE		TOTALS
	SICK PAY BENEFITS	UNEMPLOYMENT COMPENSATION	JUNE 30, 2015
Additions:			
Interest	\$ 123	\$ 615	\$ 738
Impact Aid	48,140	-	48,140
Contributions	-	-	-
Total Additions	48,263	615	48,878
DEDUCTIONS			
Quarterly Contribution Reports:			
Unemployment Claims	-	114,156	114,156
Miscellaneous	42,596	-	42,596
Total Deductions	42,596	114,156	156,752
Change in Net Position	5,667	(113,541)	(107,874)
Net Position - Beginning of the Year	219,510	299,603	519,113
Net Position - End of the Year	\$ 225,177	\$ 186,062	\$ 411,239

**NORTH HANOVER BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1. Summary of Significant Accounting Policies**

The financial statements of the North Hanover Board of Education District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

**Reporting Entity**

The North Hanover Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include five elementary schools located in North Hanover Township and on the Joint Base McGuire-Dix-Lakehurst. The Board is comprised of five members appointed to three-year terms. These terms are staggered so that various members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, vocational, as well as special education for handicapped youngsters. The North Hanover Board of Education has an approximate enrollment at June 30, 2015 of 1,199 students.

The primary criterion for including activities within the District’s reporting entity as a component unit, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the District holds the corporate powers of the organization
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2015.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Government-Wide Financial Statements**

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Capital Projects Fund** - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major proprietary funds:

**Food Service Fund** – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Sick Pay Fund – Revenues consist of interest income and district contributions. Expenditures consist of payments made for accrued sick leave.

**Agency Funds** - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

**Cash and Cash Equivalents**

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

*N.J.S.A.17:9-41* et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**Tuition Receivable/Payable**

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**Inventories**

Inventories are valued at cost, utilizing the first-in, first-out method. The cost of inventories are recorded as expenditures when consumed rather than when purchased.

**Prepaid Expenses**

Prepaid expenses, which benefit future periods, are only recorded in the government-wide financial statements and in the proprietary fund statements. Prepaid expenses in the proprietary fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015. They are recorded as expenditure during the year of purchase.

**Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Buildings	20-50 Years
Machinery and Equipment	5-10 Years
Improvements	10-20 Years

**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Impact of Recently Issued Accounting Principles**

**Recently Issued and Adopted Accounting Pronouncements**

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27* effective for fiscal years beginning after June 15, 2014. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

**Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 (continued)**

**Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Subsequent Events**

The North Hanover Board of Education has evaluated subsequent events occurring after June 30, 2015 through the date of December 11, 2015, which is the date the financial statements were available to be issued.

**Note 2. Cash and Cash Equivalents**

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2015, and reported at fair value are as follows:

	<b>Carrying Value</b>
<b>Deposits</b>	
Demand Deposits	\$ 27,055,119
Total Deposits	\$ 27,055,119

**The District's Cash & Cash Equivalents are Reported as Follows:**

Governmental Activities	\$ 26,641,738
Business-Type Activities	2,142
Fiduciary Funds	411,239
Total Cash & Cash Equivalents	\$ 27,055,119

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Note 2. Cash and Cash Equivalents (continued):**

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District’s bank balance of \$27,486,251 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 500,000
Uninsured and uncollateralized	369,303
Collateralized in the District’s Name Under GUDPA	<u>26,616,948</u>
 Total	 <u>\$27,486,251</u>

**Note 3. Capital Reserve Account**

A capital reserve account was established by the North Hanover Township Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$ 2,032,606
Interest Earnings	<u>487</u>
Ending Balance, June 30, 2014	<u>\$ 2,033,093</u>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Proprietary Funds</b>	<b>Total</b>
State Aid	\$ 151,911	\$ -	\$ 1,011	\$ 152,922
Federal Aid	-	176,090	42,062	218,152
<b>Total</b>	<b>\$ 151,911</b>	<b>\$ 176,090</b>	<b>\$ 43,073</b>	<b>\$ 371,074</b>

**Note 5. Capital Assets**

The schedule on the following page is a summarization of the capital assets by source for the fiscal year ended June 30, 2015.

	June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	June 30, <u>2015</u>
Land	\$ 98,818	\$ -	\$ -	\$ -	\$ 98,818
<b>Total Non-Depreciable Assets</b>	<b>\$ 98,818</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 98,818</b>
Buildings	\$ 46,611,956				\$ 46,611,956
Machinery & Equipment	3,075,580	224,551			3,300,131
<b>Subtotal</b>	<b>49,687,536</b>	<b>224,551</b>	<b>-</b>	<b>-</b>	<b>49,912,087</b>
Accumulated Depreciation	(8,069,278)	(1,327,347)			(9,396,625)
<b>Total Depreciable Assets</b>	<b>\$ 41,618,258</b>	<b>\$ (1,102,796)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,515,462</b>

The following schedule is a summarization of the proprietary fund fixed assets recorded at historical cost by source for the fiscal year ended June 30, 2015:

	June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	June 30, <u>2015</u>
Machinery & Equipment	\$ 564,300	\$ -	\$ -	\$ -	\$ 564,300
Less: Accumulated Depreciation	(347,789)	(198)	-	-	(347,987)
<b>Total</b>	<b>\$ 216,511</b>	<b>\$ (198)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 216,313</b>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Note 6. Long-Term Obligations**

During the fiscal year ended June 30, 2015 the following changes occurred in Long-Term Obligations:

	June 30, <u>2014</u>	<u>Retired</u>	<u>Issued</u>	June 30, <u>2015</u>	<u>Due Within One Year</u>
GASB #45 - Other Post					
Employment Benefits	\$ 35,107	\$ -	\$ -	\$ 35,107	-
Compensated Absences Payable	219,510	-	5,666	225,176	-
Net Pension Liability	7,677,672	409,699	-	7,267,973	-
	<hr/>				
Total	\$ 7,932,289	\$ 409,699	\$ 5,666	\$ 7,528,256	\$ -

**Note 7. Inventory**

Inventory recorded at June 30, 2015 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 3,342
Supplies	<u>7,509</u>
Total	<u>\$ 10,849</u>

**Note 8: Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 (continued)**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Three-Year Trend Information for PERS**

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>of APC</u> <u>Contributed</u>	<u>Pension</u> <u>Obligation</u>
6/30/2015	\$ 346,896	100%	\$ 7,267,973
6/30/2014	320,018	100%	7,677,672
6/30/2013	314,691	100%	-

**Components of Net Pension Liability** - At June 30, 2015, the District reported a liability of \$7,267,973 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .03882%, which was a decrease of .00135% from its proportion measured as of June 30, 2013.

Collective Balances at June 30, 2015 and June 30, 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
Acturial valuation date	July 1, 2014	July 1, 2013
Deferred Outflows of Resources	\$ 575,440	\$ 320,018
Deferred Inflows of Resources	\$ 651,573	N/A
Net Pension Liability	\$ 7,267,973	\$ 7,677,672
District's portion of the Plan's total net pension Liability	0.03882%	0.04017%

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2015, the District recognized pension expense of \$345,513. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	228,544	-
Net difference between projected and actual earnings on pension plan investments	-	433,132
Changes in proportion and differences between District contributions and proportionate share of contributions	-	218,441
District contributions subsequent to the measurement date	346,896	-
Total	\$ 575,440	\$ 651,573

\$346,896 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30:</u>	<u>PERS</u>
2016	\$ (85,058)
2017	(85,058)
2018	(85,058)
2019	(85,058)
2020	(85,058)
Thereafter	2,259

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 (continued)**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 (continued)**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2014, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015 (continued)**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

	<u>1%</u> <u>Decrease</u> <u>(4.39%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (5.39%)</u>	<u>1%</u> <u>Increase</u> <u>(6.39%)</u>
District's proportionate share of the net pension liability	9,143,358	7,267,973	5,693,127

**B. Teachers' Pension and Annuity Fund (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015 (continued)**

**Note 8: Pension Obligations (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)**

reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation** - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Three-Year Trend Information for TPAF (Paid on behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$ 542,621	100%	\$ -
6/30/2014	405,905	100%	-
6/30/2013	614,135	100%	-

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015 (continued)**

**Note 8: Pension Obligations (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued)**

**Teachers Pensions and Annuity Fund (TPAF)** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 (continued)**

**Note 8: Pension Obligations (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
Total	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 (continued)**

**Note 9. Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 103,432 retirees receiving post-retirement medical benefits, and the state contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2015.

**Note 10. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the state. The District is billed quarterly for amounts due to the state. The following is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district’s trust fund for the current and previous two years:

<b>Fiscal Year</b>	<b>District Contributions</b>	<b>Interest Earnings</b>	<b>Amount Reimbursed</b>	<b>Ending Balance</b>
2014-2015	\$ -	\$ 615	\$ 114,156	\$ 186,062
2013-2014	105,188	614	49,335	299,603
2012-2013	1,668	622	4,200	243,136

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Note 11. Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Note 12. Economic Dependency**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

**Note 13. Deferred Compensation**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Prudential	UNUM	Equitable	Lincoln Investment
	Valic	Met Life	

**Note 14. Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the district's school personnel policy. Upon termination, employees are paid for accrued vacation. The district's school's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the district school for the unused sick leave in accordance with district's agreements with various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$225,176.

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015 (continued)**

**Note 14. Compensated Absences (continued):**

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015 no liability existed for compensated absences in the proprietary fund types.

**Note 15. Fund Balance Disclosure**

**General Fund (Exhibit B-1)** – Of the \$26,951,942 General Fund fund balance at June 30, 2015, \$2,299,790 is reserved for encumbrances; \$337,934 has been designated for Subsequent Year’s Expenditures; \$10,549,796 has been reserved in the Capital Impact Aid Reserve Account; \$2,033,093 has been reserved in the Capital Reserve Account and \$11,731,329 has been reserved in the Impact Aid Reserve Account.

**Impact Aid Reserve** – The District receives a large portion of its annual operating revenue from Federal Impact Aid. Due to the uncertainty of future funding the District has reserved Federal Impact Aid Fund Balance for use in future years. Reserves have been set up to fund future capital projects as well as future operating expenses.

**Note 16. Litigation**

Several cases are still pending, as of June 30, 2015, before the Division of Workers’ Compensation. These cases are still in litigation and the outcome of such is unknown.

**Note 17. GASB #45 - Post-Retirement Health Benefits**

The North Hanover School District provides Medicare Part B re-imbursement to a closed group of three retirees who participated in the ERIP of 1994. Current active employees are not eligible for the Medicare Part B reimbursement. The North Hanover School District pays 100% of the supplementary Medicare insurance cost for the retiree.

The North Hanover School District’s annual Other Post-Employment Benefit cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan’s funding requirements is the “Unit Credit” method. Under this method, an actuarial accrued liability is determined as the present value of the earned benefits, which is allocated to service before the current plan year. The Plan is currently unfunded. The unfunded actuarial liability is amortized over the average life expectancy of the retiree population.

The North Hanover School District’s annual Other Post-Employment Benefit cost, the percentage of annual Other Post Employment Benefit cost contributed to the Plan and the net Other Post Employment Benefit obligation (OPEB) for the year ending June 30, 2015 is as follows:

YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE CONTRIBUTED	NET OPEB OBLIGATION
06/30/15	\$4,704	0%	\$35,107

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Note 17. GASB #45 - Post Retirement Health Benefits (continued):**

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. We assumed a discount rate of 5.0 percent for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded. We based medical claims cost for retirees on \$1,223 per year for calendar year 2013. We assumed health care costs would increase annually at a rate of 5%.

The North Hanover School District currently has three eligible retired employees receiving retirement benefits. The net Other Post-Employment Benefit obligation to the North Hanover School District to provide benefits to the retiree for the year ended June 30, 2015, was \$35,107.

**Note 18. Federal Impact Aid Reserve**

As permitted by P.L.2015, c.46 which amended *N.J.S.A.* 18A:7F-41 a federal impact reserve account was established by the Township of North Hanover Board of Education. The district increased the impact aid – capital reserve by transfer of \$ 1,635,609 by board resolution for the amount of federal impact aid funds – capital – received during the current fiscal year for use as capital outlay expenditures or for transfer to capital projects fund in subsequent fiscal years. The federal impact aid – capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

As permitted by P.L.2015, c.46 which amended *N.J.S.A.* 18A:7F-41 a federal impact reserve account was established by the Township of North Hanover Board of Education. The district increased the impact aid – general reserve by transfer of \$ 490,027 by board resolution for the amount of federal impact aid funds – general fund – received during the current fiscal year for use as general fund expenditures in subsequent fiscal years. The federal impact aid – general reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

**Note 19. Deficit in Net Position**

As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of \$(5,313,561) existed as of June 30, 2015 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (continued)**

**Note 19. Deficit in Net Position (continued)**

outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

**Note 20. Prior Period Adjustment / Restatement of Net Position**

**Correction of an Error** - In the fiscal year ended June 30, 2015, the District determined that the capital asset balance recorded in the prior period was not accurate. The District had an independent appraisal performed in the current fiscal year and adjustment of the prior year balances are required per the independent appraisal report. This caused Governmental Activities prior year unrestricted net position to be understated by \$2,501,672 as of June 30, 2014, resulting in an overstatement of capital assets, and net investment in capital assets for the same amount. This also caused Business-Type Activities prior year unrestricted net position to be overstated by \$262,313 as of June 30, 2014, resulting in an understatement of capital assets, and net investment in capital assets for the same amount. The District has corrected this by restating the balances for the fiscal year ended June 30, 2014 as follows:

	<b>Original Balance</b>	<b>Net Adjustment</b>	<b>Restated Balance</b>
<b>Governmental Activities</b>			
Capital Assets, Net	\$ 44,218,748	\$ (2,501,672)	\$ 41,717,076
Net Investment in Capital Assets	44,218,748	(2,501,672)	41,717,076
 <b>Business-Type Activities</b>			
Capital Assets, Net	198	262,313	262,511
Net Investment in Capital Assets	198	262,313	262,511

**Change in Accounting Principal** - Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

	<u>Governmental Activities</u>
Net Position as adjusted for correction of error as reported at June 30, 2014	\$ 66,766,376
Prior period adjustment - Implementation of GASB 68: Net Pension Liability (measurement date as of June 30, 2013)	(7,677,672)
Deferred Outflows - district contributions made during fiscal year 2014	320,018
Pensions Payable at June 30, 2014	(320,018)
Total prior period adjustment	(7,677,672)
Net Position as restated, July 1, 2014	\$ 59,088,704

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ACCOUNT NUMBER	JUNE 30, 2015				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 2,520,776	\$ -	\$ 2,520,776	\$ 2,520,776	\$ -
Tuition from Individuals	10-1310	-	-	-	22,977	22,977
Tuition from LEA's	10-1320	-	-	-	2,220	2,220
Transportation Fees from LEA's	10-1420	140,000	-	140,000	106,545	(33,455)
Interest Earned	10-1XXX	4,040	-	4,040	127,333	123,293
Other Local Revenue/Miscellaneous	10-1XXX	269,592	-	269,592	152,560	(117,032)
<b>Total Local Sources</b>		<b>2,934,408</b>	<b>-</b>	<b>2,934,408</b>	<b>2,932,411</b>	<b>(1,997)</b>
<b>State Sources:</b>						
Categorical Transportation Aid	10-3121	426,591	-	426,591	426,591	-
Extraordinary Aid	10-3131	93,307	-	93,307	115,815	22,508
Categorical Special Education Aid	10-3132	588,916	-	588,916	588,916	-
Equalization Aid	10-3176	9,648,284	-	9,648,284	9,648,284	-
Adjustment Aid	10-3178	417,899	-	417,899	417,899	-
Security Aid	10-3177	189,856	-	189,856	189,856	-
PARCC Readiness Aid	10-3190	11,980	-	11,980	11,980	-
Per Pupil Growth Aid	10-3190	11,980	-	11,980	11,980	-
Other State Aid	10-3000	145,182	-	145,182	145,182	-
Nonpublic Transportation Reimbursement	10-3198	-	-	-	2,784	2,784
On-behalf TPAF Pension Contributions (Non-budgeted)	10-3901	-	-	-	542,621	542,621
On-behalf TPAF Post-Retirement (Non-budgeted)	10-3902	-	-	-	861,411	861,411
Reimbursed TPAF Social Security Contributions (Non-budgeted)	10-3903	-	-	-	703,476	703,476
<b>Total State Sources</b>		<b>11,533,995</b>	<b>-</b>	<b>11,533,995</b>	<b>13,666,795</b>	<b>2,132,800</b>
<b>Federal Sources:</b>						
Impact Aid/ Department of Defense	10-4100	6,393,668	-	6,393,668	8,593,683	2,200,015
Special Education - Medicaid Initiative	10-4200	-	-	-	10,160	10,160
<b>Total Federal Services</b>		<b>6,393,668</b>	<b>-</b>	<b>6,393,668</b>	<b>8,603,843</b>	<b>2,210,175</b>
<b>Total Revenues</b>		<b>20,862,071</b>	<b>-</b>	<b>20,862,071</b>	<b>25,203,049</b>	<b>4,340,978</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Preschool	11-105-100-101	277,837	(63,017)	214,820	208,515	6,305
Kindergarten	11-110-100-101	689,666	(52,626)	637,040	628,660	8,380
Grades 1 - 5	11-120-100-101	3,259,851	32,917	3,292,768	3,278,327	14,441
Grades 6 - 8	11-130-100-101	747,080	(60,893)	686,187	632,139	54,048
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	11-150-100-101	5,000	-	5,000	2,950	2,050
Purchased Professional/Educational Services	11-150-100-320	-	37,659	37,659	33,766	3,893

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Regular Programs - Undistributed Instruction:</b>						
Other Salaries for Instruction	11-190-100-106	107,820	(27,515)	80,305	80,305	-
Purchased Professional/Educational Services	11-190-100-320	15,750	2,221	17,971	8,363	9,608
Purchased Professional/Technical Services	11-190-100-340	162,300	45,767	208,067	200,807	7,260
Other Purchased Services	11-190-100-500	600	-	600	-	600
General Supplies	11-190-100-610	323,049	(28,761)	294,288	207,628	86,660
Textbooks	11-190-100-640	1,600	-	1,600	-	1,600
Other Objects	11-190-100-890	4,200	-	4,200	532	3,668
<b>Total Regular Programs</b>		<b>5,594,753</b>	<b>(114,248)</b>	<b>5,480,505</b>	<b>5,281,992</b>	<b>198,513</b>
<b>Preschool Disabilities - Full Time:</b>						
Salaries of Teachers	11-216-100-101	169,160	40,103	209,263	208,777	486
Other Salaries for Instruction	11-216-100-106	84,158	30,301	114,459	114,450	9
Purchased Professional/Technical Services	11-216-100-320	-	1,211	1,211	1,160	51
General Supplies	11-216-100-610	5,000	-	5,000	4,551	449
<b>Total Preschool Disabilities</b>		<b>258,318</b>	<b>71,615</b>	<b>329,933</b>	<b>328,938</b>	<b>995</b>
<b>Multiple Disabilities</b>						
Salaries of Teachers	11-212-100-101	193,154	22,258	215,412	210,509	4,903
Other Salaries for Instruction	11-212-100-106	112,776	20,991	133,767	133,767	-
Purchased Professional/Technical Services	11-212-100-320	-	3,970	3,970	1,758	2,212
Textbooks	11-212-100-640	-	-	-	-	-
General Supplies	11-212-100-610	5,000	-	5,000	3,031	1,969
<b>Total Multiple Disabilities</b>		<b>310,930</b>	<b>47,219</b>	<b>358,149</b>	<b>349,065</b>	<b>9,084</b>
<b>Resource Room/ Resource Center:</b>						
Salaries of Teachers	11-213-100-101	1,326,997	(125,200)	1,201,797	1,198,473	3,324
Other Salaries for Instruction	11-213-100-106	246,352	93,064	339,416	339,268	148
Purchased Professional/Technical Services	11-213-100-320	-	11,494	11,494	10,061	1,433
General Supplies	11-213-100-610	15,000	(2,614)	12,386	8,158	4,228
Textbooks	11-213-100-640	-	-	-	-	-
<b>Total Resource Room</b>		<b>1,588,349</b>	<b>(23,256)</b>	<b>1,565,093</b>	<b>1,555,960</b>	<b>9,133</b>
<b>Total Special Education</b>		<b>2,157,597</b>	<b>95,578</b>	<b>2,253,175</b>	<b>2,233,963</b>	<b>19,212</b>
<b>Basic Skills/Remedial:</b>						
Salaries of Teachers	11-230-100-101	912,059	5,000	917,059	915,591	1,468
Other Purchased Services	11-230-100-500	400	-	400	-	400
<b>Total Basic Skills/Remedial</b>		<b>912,459</b>	<b>5,000</b>	<b>917,459</b>	<b>915,591</b>	<b>1,868</b>
<b>Bilingual Education:</b>						
Salaries of Teachers	11-240-100-101	48,838	-	48,838	48,491	347
Purchased Services	11-240-100-500	1,500	-	1,500	175	1,325
General Supplies	11-240-100-610	800	-	800	454	346
<b>Total Bilingual Education</b>		<b>51,138</b>	<b>-</b>	<b>51,138</b>	<b>49,120</b>	<b>2,018</b>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>School Sponsored Cocurricular Activities:</b>						
Salaries of Teachers	11-401-100-100	13,540	(496)	13,044	9,318	3,726
Purchased Services	11-401-100-500	29,257	12,496	41,753	21,822	19,931
Other Objects	11-401-100-800	37,700	719	38,419	28,228	10,191
<b>Total School Sponsored Cocurricular Activities</b>		<b>80,497</b>	<b>12,719</b>	<b>93,216</b>	<b>59,368</b>	<b>33,848</b>
<b>Total - Instruction</b>		<b>8,796,444</b>	<b>(951)</b>	<b>8,795,493</b>	<b>8,540,034</b>	<b>255,459</b>
<b>Undistributed Expenditures:</b>						
<b>Instruction:</b>						
Tuition to Other LEAs Within State - Regular	11-000-100-561	-	16,333	16,333	16,333	-
Tuition to Other LEAs Within State - Special	11-000-100-562	16,097	64,341	80,438	80,438	-
Tuition to County Special Services School Districts & Regular Day Schools	11-000-100-565	363,071	(99,882)	263,189	231,393	31,796
Tuition to Private Schools for the Handicapped - State	11-000-100-566	113,037	(77,787)	35,250	24,085	11,165
Tuition-Other	11-000-100-569	52,795	-	52,795	17,306	35,489
<b>Total Instruction (Undistributed Expenditures)</b>		<b>545,000</b>	<b>(96,995)</b>	<b>448,005</b>	<b>369,555</b>	<b>78,450</b>
<b>Attendance &amp; Social Work:</b>						
Purchased Professional/Technical Services	11-000-211-300	19,000	-	19,000	19,000	-
<b>Total Attendance &amp; Social Work</b>		<b>19,000</b>	<b>-</b>	<b>19,000</b>	<b>19,000</b>	<b>-</b>
<b>Health Services:</b>						
Salaries	11-000-213-100	350,017	4,540	354,557	350,435	4,122
Purchased Professional/Technical Services	11-000-213-300	11,210	32,021	43,231	9,740	33,491
Other Purchased Services	11-000-213-500	200	-	200	-	200
Supplies & Materials	11-000-213-600	7,070	-	7,070	4,568	2,502
Other Objects	11-000-213-800	150	-	150	-	150
<b>Total Health Services</b>		<b>368,647</b>	<b>36,561</b>	<b>405,208</b>	<b>364,743</b>	<b>40,465</b>
<b>Other Support Services - Students - Related Services:</b>						
Salaries	11-000-216-100	297,626	(7,500)	290,126	284,171	5,955
Purchased Professional/Educational Services	11-000-216-320	-	12,000	12,000	12,000	-
Supplies & Materials	11-000-216-600	3,200	-	3,200	3,181	19
Other Objects	11-000-216-800	400	-	400	63	337
<b>Total Other Support Services-Students-Related Services</b>		<b>301,226</b>	<b>4,500</b>	<b>305,726</b>	<b>299,415</b>	<b>6,311</b>
<b>Other Support Services - Students - Regular:</b>						
Salaries of Other Professional Staff	11-000-218-104	244,901	30,000	274,901	274,623	278
Other Salaries	11-000-218-110	33,000	-	33,000	19,813	13,187
Other Purchased Services	11-000-218-500	400	-	400	-	400
Supplies and Materials	11-000-218-600	2,700	-	2,700	1,144	1,556
<b>Total Other Support Services-Students-Regular Services</b>		<b>281,001</b>	<b>30,000</b>	<b>311,001</b>	<b>295,580</b>	<b>15,421</b>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Other Support Services - Students - Special Services:</b>						
Salaries of Other Professional Staff	11-000-219-104	437,977	-	437,977	427,950	10,027
Salaries of Secretarial & Clerical Assistants	11-000-219-105	42,651	-	42,651	41,651	1,000
Purchased Professional/Educational Services	11-000-219-320	144,000	25,779	169,779	71,995	97,784
Other Purchased Professional & Technical Services	11-000-219-390	12,000	-	12,000	3,915	8,085
Miscellaneous Purchased Services	11-000-219-592	2,500	(611)	1,889	1,133	756
Supplies & Materials	11-000-219-600	13,500	1,169	14,669	14,302	367
Other Objects	11-000-219-800	3,000	20,442	23,442	1,165	22,277
<b>Total Other Support Services-Students-Special Services</b>		<b>655,628</b>	<b>46,779</b>	<b>702,407</b>	<b>562,111</b>	<b>140,296</b>
<b>Improvement of Instruction Services/Other Support Services - Instructional Staff:</b>						
Salaries of Supervisors of Instruction	11-000-221-102	197,900	(500)	197,400	140,575	56,825
Salaries of Other Professional Staff	11-000-221-104	55,000	(5,000)	50,000	50,000	-
Other Salaries	11-000-221-110	51,500	-	51,500	12,631	38,869
Salaries of Facil, Math, Lit Coaches	11-000-221-176	159,003	790	159,793	105,473	54,320
Purchased Professional/Educational Services	11-000-221-320	50,000	(2,394)	47,606	21,094	26,512
Other Objects	11-000-221-800	19,000	(5,236)	13,764	10,788	2,976
Supplies & Materials	11-000-221-600	2,000	(1,512)	488	479	9
Other Purchased Services	11-000-221-500	7,000	7,174	14,174	11,112	3,062
<b>Total Improvement of Instruction Services/Other Support Services - Instructional Staff</b>		<b>541,403</b>	<b>(6,678)</b>	<b>534,725</b>	<b>352,152</b>	<b>182,573</b>
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	218,326	-	218,326	216,976	1,350
Other Purchased Professional & Technical Services	11-000-222-300	9,450	-	9,450	8,670	780
Other Purchased Services	11-000-222-500	1,550	-	1,550	-	1,550
Supplies & Materials	11-000-222-600	80,650	158	80,808	60,446	20,362
Other Objects	11-000-222-800	-	-	-	-	-
<b>Total Educational Media Services/School Library</b>		<b>309,976</b>	<b>158</b>	<b>310,134</b>	<b>286,092</b>	<b>24,042</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	212,183	-	212,183	206,479	5,704
Legal Services	11-000-230-331	15,000	38,013	53,013	53,013	-
Audit Fees	11-000-230-332	38,000	(8,869)	29,131	24,750	4,381
Other Purchased Professional Services	11-000-230-339	48,000	(10,892)	37,108	26,905	10,203
Purchase of Technical Services	11-000-230-340	4,000	(695)	3,305	1,985	1,320
Communications/Telephone	11-000-230-530	55,000	(269)	54,731	44,591	10,140
Travel Expenses	11-000-230-580	-	10,026	10,026	8,253	1,773
BOE Other Purchased Services	11-000-230-585	25,000	2,120	27,120	21,055	6,065
Other Purchased Services	11-000-230-590	7,800	21,940	29,740	29,740	-
Supplies & Materials	11-000-230-610	5,000	661	5,661	5,371	290
Miscellaneous Expenditures	11-000-230-890	6,500	4,170	10,670	7,854	2,816
BOE Membership Dues & Fees	11-000-230-895	35,000	(3,545)	31,455	25,259	6,196
<b>Total Support Services General Administration</b>		<b>451,483</b>	<b>52,660</b>	<b>504,143</b>	<b>455,255</b>	<b>48,888</b>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	449,600	(4,000)	445,600	445,456	144
Salaries of Other Professionals	11-000-240-104	100,000	8,250	108,250	108,250	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	265,857	(4,250)	261,607	257,739	3,868
Other Salaries	11-000-240-110	2,000	-	2,000	1,440	560
Purchased Professional/Technical Services	11-000-240-300	1,550	450	2,000	-	2,000
Other Purchased Services	11-000-240-500	3,100	(450)	2,650	281	2,369
Supplies & Materials	11-000-240-600	11,600	17	11,617	7,203	4,414
Other Objects	11-000-240-800	1,550	-	1,550	620	930
<b>Total Support Services School Administration</b>		<b>835,257</b>	<b>17</b>	<b>835,274</b>	<b>820,989</b>	<b>14,285</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	271,187	23,117	294,304	282,548	11,756
Purchased Technical Services	11-000-251-340	20,000	56,240	76,240	66,881	9,359
Misc. Purchased Services	11-000-251-592	2,027	2,200	4,227	4,152	75
Supplies and Materials	11-000-251-600	7,000	2,818	9,818	7,056	2,762
Miscellaneous Expenditures	11-000-251-890	2,850	(1,571)	1,279	909	370
<b>Total Central Services</b>		<b>303,064</b>	<b>82,804</b>	<b>385,868</b>	<b>361,546</b>	<b>24,322</b>
<b>Administration Information Technology:</b>						
Salaries	11-000-252-100	30,722	-	30,722	30,722	-
Other Purchased Services	11-000-252-500	2,500	-	2,500	596	1,904
Other Objects	11-000-252-800	1,000	-	1,000	-	1,000
<b>Total Administration Information Technology</b>		<b>34,222</b>	<b>-</b>	<b>34,222</b>	<b>31,318</b>	<b>2,904</b>
<b>Allowable Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	398,792	-	398,792	384,262	14,530
Cleaning, Repair & Maintenance Services	11-000-261-420	464,555	244	464,799	403,795	61,004
General Supplies	11-000-261-610	8,000	2,100	10,100	9,600	500
<b>Total Maintenance for School Facilities</b>		<b>871,347</b>	<b>2,344</b>	<b>873,691</b>	<b>797,657</b>	<b>76,034</b>
<b>Other Operation &amp; Maintenance of Plant Services:</b>						
Salaries	11-000-262-100	487,714	(750)	486,964	445,183	41,781
Salaries for Noninstructional Aides	11-000-262-107		5,000	5,000		5,000
Cleaning, Repair & Maintenance Services	11-000-262-420	8,550	-	8,550	2,523	6,027
Other Purchased Property Services	11-000-262-490	138,420	(3,900)	134,520	43,932	90,588
Insurance	11-000-262-520	112,324	750	113,074	113,074	-
General Supplies	11-000-262-610	70,150	(600)	69,550	53,502	16,048
Energy (Heat & Electricity)	11-000-262-622	380,000	14,614	394,614	345,755	48,859
Energy (Gasoline)	11-000-262-626	7,500	-	7,500	466	7,034
Other Objects	11-000-262-800	825	1,100	1,925	856	1,069
Energy (Natural Gas)	11-000-262-621	153,000	(4,614)	148,386	65,216	83,170
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>1,358,483</b>	<b>11,600</b>	<b>1,370,083</b>	<b>1,070,507</b>	<b>299,576</b>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undistributed Expenditures - Care & Upkeep of Grounds:						
Cleaning, Repair & Maintenance						
Services	11-000-263-420	19,500	(1,446)	18,054	9,015	9,039
General Supplies	11-000-263-610	-	1,446	1,446	769	677
<b>Total Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>		<b>19,500</b>	<b>-</b>	<b>19,500</b>	<b>9,784</b>	<b>9,716</b>
Student Transportation Services:						
Salaries for Noninstructional Aides	11-000-270-107	30,000	3,005	33,005	33,005	-
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	95,000	(3,005)	91,995	71,633	20,362
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	110,000	-	110,000	93,014	16,986
Other Purchased Technical Services	11-000-270-390	8,500	-	8,500	6,323	2,177
Cleaning, Repair, & Maint. Services	11-000-270-420	7,000	2,497	9,497	7,055	2,442
Contracted Services (Between Home & School) - Vendors	11-000-270-511	1,043,599	(75,015)	968,584	968,164	420
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	14,169	(10,259)	3,910	1,850	2,060
Contracted Services (Special Education Students) - Vendor	11-000-270-514	163,884	63,594	227,478	226,889	589
Contracted Services (Special Education Students) - Joint Agreements	11-000-270-515	-	10,800	10,800	9,775	1,025
Contract Service Aid In Lieu of Payments	11-000-270-503		17,680	17,680	17,680	-
Miscellaneous Purchased Services	11-000-270-593	34,950	-	34,950	22,851	12,099
Transportation Supplies	11-000-270-615	65,000	(2,497)	62,503	39,601	22,902
<b>Total Student Transportation Services</b>		<b>1,572,102</b>	<b>6,800</b>	<b>1,578,902</b>	<b>1,497,840</b>	<b>81,062</b>
Special Programs - Instruction - Employee Benefits:						
Health Benefits	11-200-100-270	185,000	91,000	276,000	272,421	3,579
<b>Total Special Programs-Instruction-Employee Benefits</b>		<b>185,000</b>	<b>91,000</b>	<b>276,000</b>	<b>272,421</b>	<b>3,579</b>
Employee Benefits:						
Social Security Contributions	11-000-270-220	12,000	-	12,000	-	12,000
Workmen's Compensation	11-000-270-260	5,050	-	5,050	4,886	164
Health Benefits	11-000-270-270	128,491	(30,789)	97,702	86,743	10,959
<b>Total Allocated Benefits</b>		<b>145,541</b>	<b>(30,789)</b>	<b>114,752</b>	<b>91,629</b>	<b>23,123</b>
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	275,000	-	275,000	243,721	31,279
Other Retirement Contribution - PERS	11-000-291-241	360,000	(3,849)	356,151	320,018	36,133
Other Retirement Contribution - Regular	11-000-291-249	5,000	3,849	8,849	8,560	289
Unemployment Contributions	11-000-291-250	5,000	(3,000)	2,000	-	2,000
Workmen's Compensation	11-000-291-260	213,020	-	213,020	162,820	50,200
Health Benefits	11-000-291-270	4,150,509	(183,400)	3,967,109	3,339,141	627,968
<b>Total Unallocated Benefits</b>		<b>5,008,529</b>	<b>(186,400)</b>	<b>4,822,129</b>	<b>4,074,260</b>	<b>747,869</b>

**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	542,621	(542,621)
On-Behalf TPAF Post-Retirement Medical		-	-	-	861,411	(861,411)
Reimbursed TPAF Social Security Contributions		-	-	-	703,476	(703,476)
Total Undistributed Expenditures		13,806,409	44,361	13,850,770	14,139,362	(288,592)
Total Expenditures - Current Expense		22,602,853	43,410	22,646,263	22,679,396	(33,133)
Capital Outlay:						
Interest Deposit to Capital Reserve	10-604-000-000	4,040	-	4,040	-	4,040
Capital Outlay - Equipment:						
Regular Programs - Instruction:						
Grades 1-5	12-120-100-730	75,000	(75,000)	-	-	-
Grades 6-8	12-130-100-730	25,000	(25,000)	-	-	-
Total Regular Programs		104,040	(100,000)	4,040	-	4,040
Undistributed Expenditures:						
Instruction	12-000-100-730	-	257,900	257,900	224,551	33,349
Support Services	12-000-220-730	50,000	(50,000)	-	-	-
Central Services	12-000-251-730	65,000	(65,000)	-	-	-
School Buses- Special	12-000-270-734	-	72,348	72,348	-	72,348
Total Undistributed Expenditures		115,000	215,248	330,248	224,551	105,697
Facilities Acquisition & Construction Services:						
Architectural/Engineering Services	12-000-400-334	-	1,838,475	1,838,475	433,125	1,405,350
Other Professional Services	12-000-400-390	-	593,579	593,579	168,782	424,797
Total Facilities Acquisition & Construction Services		-	2,432,054	2,432,054	601,907	1,830,147
Total Capital Outlay		223,080	2,547,302	2,770,382	826,458	1,943,924
Total Expenditures		22,825,933	2,590,712	25,416,645	23,505,854	1,910,791
Total Expenditures & Other Financing Uses/(Sources)		22,825,933	2,590,712	25,416,645	23,505,854	(1,910,791)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures						
After Other Financing Uses/(Sources)		(1,963,862)	(2,590,712)	(4,554,574)	1,697,195	6,251,769
Fund Balances, July 1		26,387,150	-	26,387,150	26,387,150	-
Fund Balances, June 30		\$ 24,423,288	\$ (2,590,712)	\$ 21,832,576	\$ 28,084,345	\$ 6,251,769
Prior Year Reserve for Encumbrances						
Utilization of Impact Aid Reserves			\$ 2,239,232			
Total Budget Transfers			\$ 351,480			
Total Budget Transfers						
			\$ 2,590,712			

**RECAPITULATION OF FUND BALANCE:**

Restricted Fund Balance:		
Capital Reserve		\$ 2,033,093
Reserve for Impact Aid		11,731,329
Reserve for Impact Aid Capital Fund		10,549,796
Committed Fund Balance:		
Year-end Encumbrances		2,299,790
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures		1,470,337
Unassigned Fund Balance		-
Subtotal		28,084,345
Reconciliation to Governmental Fund Statements (GAAP):		
Last Two State Aid Payments Not Recognized on GAAP Basis		(1,132,403)
Fund Balance Per Governmental Funds (GAAP)		\$ 26,951,942

**NORTH HANOVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
<b>REVENUES</b>				
Federal Sources	\$ 423,852	\$ 36,711	\$ 460,563	\$ -
Total Revenues	423,852	36,711	460,563	-
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers	339,711	(165,056)	174,655	174,655
Purchased Professional & Technical Services	-	21,035	21,035	-
Tuition	1,307	176,274	177,581	-
General Supplies	4,000	22,359	26,359	-
Total Instruction	345,018	54,612	399,630	-
Support Services:				
Salaries of Teachers	50,699	(50,247)	452	452
Purchased Professional & Technical Services	20,800	8,979	29,779	-
Other Purchased Services (400-500 Series)	3,670	10,395	14,065	-
General Supplies	3,665	12,972	16,637	-
Total Support Services	78,834	(17,901)	60,933	-
Total Expenditures	423,852	36,711	460,563	-
Total Outflows	423,852	36,711	460,563	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NORTH HANOVER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 25,203,049	\$ 460,563
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year		21,493
Current Year		(7,635)
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	 1,083,233	 -
 The last State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP, which does not recognize this revenue until the subsequent year when the State recognizes the related expense.	 <u>(1,132,403)</u>	 <u>-</u>
 Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	 <u>\$ 25,153,879</u>	 <u>\$ 474,421</u>
 Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 23,505,854	\$ 460,563
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	 <u>-</u>	 <u>13,858</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	 <u>\$ 23,505,854</u>	 <u>\$ 474,421</u>

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**NORTH HANOVER BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.03882%	0.04017%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$7,267,973	\$7,677,672	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$2,335,112	\$2,660,645	\$2,629,238	**N/A						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	311.25%	288.56%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**NORTH HANOVER BOARD OF EDUCATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 346,896	\$ 320,018	\$ 314,691	**N/A						
Contributions in relation to the contractually required contribution	346,896	320,018	314,691	**N/A						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	**N/A						
District's covered-employee payroll	\$2,335,112	\$2,660,645	\$2,629,238	**N/A						
Contributions as a percentage of covered-employee payroll	14.86%	12.03%	11.97%	**N/A						

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**NORTH HANOVER BOARD OF EDUCATION  
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.09595%	0.09504%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 51,281,684	\$ 48,034,622	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 9,408,557	\$ 9,552,805	\$ 9,691,159	**N/A						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NORTH HANOVER TOWNSHIP BOARD OF EDUCATION  
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)  
CHANGE IN BENEFIT TERMS AND ASSUMPTIONS  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**NORTH HANOVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	I.D.E.A PART B BASIC REGULAR PROGRAM	I.D.E.A PART B PRESCHOOL PROGRAM	N.C.L.B. TITLE I, PART A 2013/2014	N.C.L.B. TITLE II, PART A 2013/2014	2015
Revenues:					
Federal Sources	\$ 281,651	\$ 15,072	\$ 146,769	\$ 17,071	\$ 460,563
Total Revenues	<u>\$ 281,651</u>	<u>\$ 15,072</u>	<u>\$ 146,769</u>	<u>\$ 17,071</u>	<u>\$ 460,563</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 58,063		\$ 116,592		\$ 174,655
Professional Technical Services	19,271		1,764		21,035
Tuition	162,509	15,072			177,581
General Supplies	12,011		14,348		26,359
Total Instruction	<u>251,854</u>	<u>15,072</u>	<u>132,704</u>	<u>-</u>	<u>399,630</u>
Support Services:					
Salaries of Teachers				452	452
Purchased Professional - Educational Services	15,797			13,982	29,779
Other Purchased Services			14,065		14,065
General Supplies	14,000			2,637	16,637
Total Support Services	<u>29,797</u>	<u>-</u>	<u>14,065</u>	<u>17,071</u>	<u>60,933</u>
Total Expenditures	<u>\$ 281,651</u>	<u>\$ 15,072</u>	<u>\$ 146,769</u>	<u>\$ 17,071</u>	<u>\$ 460,563</u>

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F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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Enterprise Funds

( See Exhibits B-4, B-5, B-6 )

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**NORTH HANOVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE		2015
	SICK PAY BENEFITS	UNEMPLOYMENT COMPENSATION	
Assets:			
Cash & Cash Equivalents	\$ 225,177	\$ 186,062	\$ 411,239
Total Assets	225,177	186,062	411,239
NET POSITION			
Reserved For:			
Sick Pay Benefits	225,177	-	225,177
Unemployment Compensation	-	186,062	186,062
Total Net Position	\$ 225,177	\$ 186,062	\$ 411,239

**NORTH HANOVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2015**

	<u>PRIVATE PURPOSE</u>		2015
	<u>SICK PAY BENEFITS</u>	<u>UNEMPLOYMENT COMPENSATION</u>	
Additions:			
Interest	\$ 123	\$ 615	\$ 738
Impact Aid	48,140	-	48,140
Total Additions	<u>48,263</u>	<u>615</u>	<u>48,878</u>
Deductions:			
Unemployment Claims	-	114,156	114,156
Miscellaneous	42,596	-	42,596
Total Deductions	<u>42,596</u>	<u>114,156</u>	<u>156,752</u>
Change in Net Position	5,667	(113,541)	(107,874)
Net Position, July 1	<u>219,510</u>	<u>299,603</u>	<u>519,113</u>
Net Position, June 30	<u>\$ 225,177</u>	<u>\$ 186,062</u>	<u>\$ 411,239</u>

**NORTH HANOVER BOARD OF EDUCATION  
PAYROLL FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, 2014	ADDITIONS	DISBURSEMENTS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents	\$ -	\$ 7,500,398	\$ 7,500,398	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 7,500,398</u>	<u>\$ 7,500,398</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ -	\$ 7,500,398	\$ 7,500,398	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 7,500,398</u>	<u>\$ 7,500,398</u>	<u>\$ -</u>

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I. Long-Term Debt

Not Applicable

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**STATISTICAL SECTION (Unaudited)**

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**Financial Trends Information**

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the presented for the past ten fiscal years.

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**NORTH HANOVER BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

FISCAL YEAR ENDING JUNE 30,

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 40,614,280	\$ 44,218,748	\$ 45,752,172	\$ 46,854,184	\$ 47,717,045	\$ 46,176,592	\$ 44,162,815	\$ 41,114,230	\$ 39,541,520	\$ 36,591,931
Restricted	24,314,218	25,303,917	26,556,134	26,945,211	26,509,908	27,648,824	27,409,841	27,746,229	23,736,939	20,399,401
Unrestricted	(5,313,561)	(254,617)	(262,822)	(262,963)	(308,986)	(781,831)	(46,170)	149,426	566,444	506,816
<b>Total Governmental Activities</b>	<b>\$ 59,614,937</b>	<b>\$ 69,268,048</b>	<b>\$ 72,045,484</b>	<b>\$ 73,536,432</b>	<b>\$ 73,917,967</b>	<b>\$ 73,043,585</b>	<b>\$ 71,526,486</b>	<b>\$ 69,009,885</b>	<b>\$ 63,844,903</b>	<b>\$ 57,498,148</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 216,313	\$ 198	\$ 897	\$ 1,596	\$ 2,295	\$ 2,994	\$ 4,395	\$ 5,796	\$ 11,150	\$ 26,304
Restricted	-	-	-	-	-	-	-	-	-	5,790,000
Unrestricted	56,064	30,382	37,671	344,467	288,838	432,452	319,448	303,533	211,478	159,691
<b>Total Business-Type Activities</b>	<b>\$ 272,377</b>	<b>\$ 30,580</b>	<b>\$ 38,568</b>	<b>\$ 346,063</b>	<b>\$ 291,133</b>	<b>\$ 435,446</b>	<b>\$ 323,843</b>	<b>\$ 309,329</b>	<b>\$ 222,628</b>	<b>\$ 191,785</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 40,830,593	\$ 44,218,946	\$ 45,753,069	\$ 46,855,780	\$ 47,719,340	\$ 46,179,586	\$ 44,167,210	\$ 41,120,026	\$ 39,552,670	\$ 36,618,235
Restricted	24,314,218	25,303,917	26,556,134	26,945,211	26,509,908	27,648,824	27,409,841	27,746,229	23,736,939	20,399,401
Unrestricted	(5,257,497)	(224,235)	(225,151)	81,504	(20,148)	(349,379)	273,278	452,959	777,922	666,507
<b>Total District Net Position</b>	<b>\$ 59,887,314</b>	<b>\$ 69,298,628</b>	<b>\$ 72,084,052</b>	<b>\$ 73,882,495</b>	<b>\$ 74,209,100</b>	<b>\$ 73,479,031</b>	<b>\$ 71,850,329</b>	<b>\$ 69,319,214</b>	<b>\$ 64,067,531</b>	<b>\$ 57,684,143</b>

**NORTH HANOVER BOARD OF EDUCATION  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses:</b>										
Governmental Activities										
Instruction:										
Regular	\$ (5,695,480)	\$ (6,113,015)	\$ (6,421,001)	\$ (7,013,168)	\$ (6,771,798)	\$ (7,118,161)	\$ (6,873,898)	\$ (6,414,424)	\$ (6,043,552)	\$ (5,992,280)
Special Education	(2,233,963)	(2,204,707)	(2,183,568)	(2,070,232)	(1,963,098)	(1,760,867)	(1,643,708)	(1,327,616)	(1,269,245)	(1,177,685)
Other Special Education								(315,954)	(294,527)	(177,520)
Other Instruction	(1,024,079)	(1,163,761)	(1,071,512)	(255,718)	(228,216)	(66,904)	(63,312)	(46,131)	(51,550)	(49,882)
Support Services:										
Tuition	(369,555)	(389,342)	(61,063)	(200,252)	(268,948)	(101,415)	(192,159)	(116,034)	(92,302)	(81,252)
Attendance & Social Work	(19,000)	(38,000)	(38,000)	(38,000)	-	-	-	-	-	-
Health Services	(364,743)	(426,049)	(361,140)	(347,895)	(333,259)	(367,859)	(338,171)	(319,507)	(315,408)	(306,559)
Student & Instruction Related Services	(1,570,191)	(1,547,122)	(1,516,955)	(1,327,828)	(1,298,917)	(1,220,721)	(1,244,622)	(1,218,384)	(1,152,073)	(1,253,233)
Educational Media Services/School Library	(286,092)	(318,433)	(390,869)	(387,050)	(390,144)	(384,771)	(318,120)	(301,386)	(298,564)	(295,412)
School Administrative Services	(455,255)	(443,504)	(393,897)	(392,663)	(373,557)	(412,238)	(432,794)	(396,209)	(372,764)	(367,758)
Other Administrative Services	(1,213,853)	(1,231,848)	(1,237,097)	(1,239,986)	(1,179,431)	(1,297,424)	(1,241,412)	(1,220,656)	(1,217,663)	(1,173,858)
Plant Operations & Maintenance	(2,479,855)	(1,991,487)	(2,015,310)	(2,080,173)	(2,110,902)	(2,140,442)	(2,240,983)	(1,888,768)	(1,742,828)	(1,581,176)
Pupil Transportation	(1,497,840)	(1,520,839)	(1,478,126)	(1,486,320)	(1,471,455)	(1,364,226)	(1,454,284)	(1,226,308)	(980,892)	(861,105)
Business & Other Support Services	-	-	-	-	-	-	-	-	-	-
Transfer of Funds to Charter School	(8,775,963)	(6,749,543)	(16,087)	(87,421)	(41,257)	-	-	-	-	-
Unallocated/Allocated Benefits	-	-	(6,288,177)	(5,769,425)	(5,502,522)	(5,230,236)	(4,659,078)	(5,232,897)	(5,049,890)	(4,337,497)
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Decrease in Compensated Absences - Unallocated	(5,666)	8,205	141	25,834	24,955	(50,405)	(4,625)	(34,137)	(18,533)	31,178
Unallocated Depreciation	(1,327,347)	(1,857,654)	(1,857,654)	(1,817,519)	(1,767,813)	(1,618,575)	(1,538,713)	(1,448,443)	(1,032,129)	(875,859)
<b>Total Governmental Activities</b>	<b>(27,318,882)</b>	<b>(25,987,099)</b>	<b>(25,330,315)</b>	<b>(24,487,816)</b>	<b>(23,676,362)</b>	<b>(23,134,244)</b>	<b>(22,245,879)</b>	<b>(21,506,854)</b>	<b>(19,931,920)</b>	<b>(18,499,898)</b>
Business-Type Activities:										
Food Service	(768,884)	(750,449)	(781,096)	(844,454)	(826,828)	(853,874)	(881,710)	(849,734)	(878,378)	(750,418)
<b>Total Business-Type Activities Expense</b>	<b>(768,884)</b>	<b>(750,449)</b>	<b>(781,096)</b>	<b>(844,454)</b>	<b>(826,828)</b>	<b>(853,874)</b>	<b>(881,710)</b>	<b>(849,734)</b>	<b>(878,378)</b>	<b>(750,418)</b>
<b>Total District Expenses</b>	<b>\$(28,087,766)</b>	<b>\$(26,737,548)</b>	<b>\$(26,111,411)</b>	<b>\$(25,332,270)</b>	<b>\$(24,503,190)</b>	<b>\$(23,988,118)</b>	<b>\$(23,127,589)</b>	<b>\$(22,356,588)</b>	<b>\$(20,810,298)</b>	<b>\$(19,250,316)</b>
<b>Program Revenues:</b>										
Governmental Activities										
Operating Grants & Contributions	\$ 4,798,744	\$ 373,670	\$ 294,449	\$ 307,766	\$ 361,464	\$ 408,654	\$ 279,876	\$ 669,337	\$ 506,721	\$ 529,098
<b>Total Governmental Activities Program Revenues</b>	<b>4,798,744</b>	<b>373,670</b>	<b>294,449</b>	<b>307,766</b>	<b>361,464</b>	<b>408,654</b>	<b>279,876</b>	<b>669,337</b>	<b>506,721</b>	<b>529,098</b>

**NORTH HANOVER BOARD OF EDUCATION  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	190,766	203,781	226,409	217,184	231,262	233,642	235,175	220,713	230,158	234,875
Operating Grants	600,440	536,133	244,603	678,183	447,880	729,407	656,229	709,521	646,022	181,930
Total Business Type Activities	791,206	739,914	471,012	895,367	679,142	963,049	891,404	930,234	876,180	416,805
Program Revenues										
Total District Program Revenues	\$ 5,589,950	\$ 1,113,584	\$ 765,461	\$ 1,203,133	\$ 1,040,606	\$ 1,371,703	\$ 1,171,280	\$ 1,599,571	\$ 1,382,901	\$ 945,903
<b>Net/(Expense)/Revenue:</b>										
Governmental Activities	(22,520,138)	(25,613,429)	(25,035,866)	(24,180,050)	(23,314,898)	(22,725,590)	(21,966,003)	(20,837,517)	(19,425,199)	(17,970,800)
Business-Type Activities	22,322	(10,535)	(310,084)	50,913	(147,686)	109,175	9,694	80,500	(2,198)	(333,613)
Total District-Wide Net Expense	\$(22,497,816)	\$(25,623,964)	\$(25,345,950)	\$(24,129,137)	\$(23,462,584)	\$(22,616,415)	\$(21,956,309)	\$(20,757,017)	\$(19,427,397)	\$(18,304,413)
<b>General Revenues &amp; Other Changes in Net Assets:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 2,520,776	\$ 2,292,048	\$ 2,203,893	\$ 2,114,955	\$ 2,029,264	\$ 1,951,412	\$ 1,892,543	\$ 1,819,753	\$ 1,661,288	\$ 1,631,754
Federal & State Aid Not Restricted	20,113,960	20,178,578	21,004,509	21,353,403	21,746,977	21,275,006	21,653,343	22,424,448	21,972,674	15,589,719
Transportation	106,545	175,939	152,382	153,303	150,015	151,458	144,618	135,528	60,515	64,470
Tuition	25,197	13,107	4,875	5,350	5,057	72,054	48,393	62,132	37,509	-
Investment Earnings	127,333	7,628	4,040	7,628	8,230	8,199	31,204	82,285	114,810	68,022
Miscellaneous Income	152,560	168,693	175,219	163,876	249,737	379,188	752,865	1,391,828	1,639,062	1,737,943
Cancel Prior Year Payables	-	-	-	-	249,737	405,372	-	86,525	286,096	-
Board Contribution	-	-	-	-	-	-	-	-	-	(150,000)
Total Governmental Activities	23,046,371	22,835,993	23,544,918	23,798,515	24,189,280	24,242,689	24,522,966	26,002,499	25,771,954	18,941,908
<b>Business-type Activities</b>										
Investment Earnings	3,162	2,547	2,589	4,017	3,373	2,428	4,820	6,201	33,041	15,394
Transfers	-	-	-	-	-	-	-	-	-	150,000
Total Business-Type Activities	3,162	2,547	2,589	4,017	3,373	2,428	4,820	6,201	33,041	165,394
Total District-Wide	\$ 23,049,533	\$ 22,838,540	\$ 23,547,507	\$ 23,802,532	\$ 24,192,653	\$ 24,245,117	\$ 24,527,786	\$ 26,008,700	\$ 25,804,995	\$ 19,107,302
Change in Net Position:										
Governmental Activities	\$ 526,233	\$ (2,777,436)	\$ (1,490,948)	\$ (381,535)	\$ 874,382	\$ 1,517,099	\$ 2,556,963	\$ 5,164,982	\$ 6,346,755	\$ 971,108
Business-Type Activities	25,484	(7,988)	(307,495)	54,930	(144,313)	111,603	14,514	86,701	30,843	(168,219)
Total District	\$ 551,717	\$ (2,785,424)	\$ (1,798,443)	\$ (326,605)	\$ 730,069	\$ 1,628,702	\$ 2,571,477	\$ 5,251,683	\$ 6,377,598	\$ 802,889

**NORTH HANOVER BOARD OF EDUCATION  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Restricted	\$ 24,314,218	\$ 2,032,606	\$ 2,024,977	\$ 2,020,938	\$ 2,013,310	\$ 2,005,080	\$ -	\$ -	\$ -	\$ -
Committed	2,299,790	22,394,722	20,711,394	20,672,224	20,531,376	18,927,552	-	-	-	-
Assigned	337,934	876,589	3,819,763	4,252,049	3,965,222	6,263,324	25,414,297	26,766,253	23,736,939	20,399,401
Unassigned	-	-	-	-	-	-	2,222,954	1,363,131	757,761	679,600
<b>Total General Fund</b>	<b>\$ 26,951,942</b>	<b>\$ 25,303,917</b>	<b>\$ 26,556,134</b>	<b>\$ 26,945,211</b>	<b>\$ 26,509,908</b>	<b>\$ 27,195,956</b>	<b>\$ 27,637,251</b>	<b>\$ 28,129,384</b>	<b>\$ 24,494,700</b>	<b>\$ 21,079,001</b>
All Other Governmental Funds:										
Assigned, Reported in:										
Special Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,114)	\$ (1,839)	\$ (1,839)	\$ (1,839)
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (10,114)</b>	<b>\$ (1,839)</b>	<b>\$ (1,839)</b>	<b>\$ (1,839)</b>

**NORTH HANOVER BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Tax Levy	\$ 2,520,776	\$ 2,292,048	\$ 2,203,893	\$ 2,114,955	\$ 2,029,264	\$ 1,951,412	\$ 1,892,543	\$ 1,819,753	\$ 1,661,288	\$ 1,631,754
Tuition Charges	25,197	13,107	4,875	5,350	5,057	72,054	48,393	62,132	37,509	-
Interest Earned Capital Reserve Funds	127,333	7,628	4,040	7,628	8,230	8,199	31,204	82,285	114,810	68,022
Transportation	106,545	175,939	152,382	153,303	150,015	151,458	144,618	135,528	60,515	64,470
Miscellaneous	152,560	168,693	175,219	163,876	249,737	379,188	752,865	1,391,828	1,639,060	1,737,943
State Sources	13,617,625	13,382,663	13,282,544	12,258,690	11,721,993	10,426,595	12,032,472	13,151,196	12,072,016	11,566,367
Federal Sources	9,078,264	7,169,585	8,016,414	9,402,479	10,386,448	11,257,065	9,900,747	9,942,589	10,407,379	4,552,450
<b>Total Revenue</b>	<b>25,628,300</b>	<b>23,209,663</b>	<b>23,839,367</b>	<b>24,106,281</b>	<b>24,550,744</b>	<b>24,245,971</b>	<b>24,802,842</b>	<b>26,585,311</b>	<b>25,992,577</b>	<b>19,621,006</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	5,695,480	6,113,015	6,421,001	7,013,168	6,771,798	7,118,161	6,873,898	6,414,424	6,043,552	5,992,280
Special Education Instruction	2,233,963	2,204,707	2,183,568	2,070,232	1,963,098	1,760,867	1,643,708	1,327,616	1,269,245	1,177,685
Other Special Instruction	-	-	-	-	-	-	0	315,954	294,527	177,520
Undistributed Expenditures	-	-	-	-	-	-	-	-	-	-
Other Instruction	1,024,079	1,163,761	1,071,512	255,718	228,216	66,904	63,312	46,131	51,550	49,882
<b>Support Services:</b>										
Tuition	369,555	389,342	61,063	200,252	268,948	101,415	192,159	116,034	92,302	81,252
Attendance & Social Work	19,000	38,000	38,000	38,000,000	-	-	-	-	-	-
Health Services	364,743	426,049	361,140	347,895	333,259	367,859	338,171	319,507	315,408	306,559
Student & Instruction Related Services	1,570,191	1,547,122	1,516,955	1,327,828	1,298,917	1,220,721	1,244,622	1,218,384	1,152,073	1,253,233
Educational Media Services/School Library	286,092	318,433	390,869	387,050	390,144	384,771	318,120	301,386	298,564	295,412
School Administrative Services	455,255	443,504	393,897	392,663	373,557	412,238	432,794	396,209	372,764	367,758
Central Services	361,546	387,863	371,826	334,382	321,839	313,676	301,783	294,367	264,619	269,682
Administration Information Technology	31,318	32,327	32,885	31,650	31,399	29,733	28,947	61,769	89,939	76,676
Other Administrative Services	820,989	811,658	832,386	873,954	826,193	954,015	910,682	864,520	863,105	827,500
Plant Operations & Maintenance	1,877,948	1,991,487	2,015,310	2,080,173	2,110,902	2,140,442	2,240,983	1,888,768	1,742,828	1,581,176
Pupil Transportation	1,497,840	1,520,839	1,478,126	1,486,320	1,471,455	1,364,226	1,454,284	1,226,308	980,892	861,105
Business & Other Support Services	-	-	-	-	-	-	-	-	11	380,930
Allocated Benefits	-	-	-	-	-	-	-	50,260	45,922	-
Unallocated Benefits	6,545,818	6,749,543	6,288,177	5,789,614	5,497,544	5,225,258	4,654,100	5,232,897	5,049,890	4,287,237
Capital Outlay	826,458	324,230	755,642	954,658	3,308,266	3,632,352	4,587,298	3,021,153	3,981,716	1,619,639
<b>Total Expenditures</b>	<b>23,980,275</b>	<b>24,461,880</b>	<b>24,212,357</b>	<b>23,583,557</b>	<b>25,195,535</b>	<b>25,092,638</b>	<b>25,284,861</b>	<b>23,045,427</b>	<b>22,862,974</b>	<b>19,276,862</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>1,648,025</b>	<b>(1,252,217)</b>	<b>(372,990)</b>	<b>522,724</b>	<b>(644,791)</b>	<b>(846,667)</b>	<b>(482,019)</b>	<b>3,539,884</b>	<b>3,539,884</b>	<b>3,129,603</b>

**NORTH HANOVER BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Other Financing Sources/(Uses):</b>										
Cancellation of Prior Year Accounts Payable	-	-	-	-	-	405,372	-	-	-	-
Transfer of Funds to Charter School	-	-	(16,087)	(87,421)	(41,257)	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	86,525	286,096	-
Transfers Out	-	-	-	-	-	-	-	-	-	(150,000)
<b>Total Other Financing Sources/ (Uses)</b>	-	-	(16,087)	(87,421)	(41,257)	405,372	-	86,525	286,096	(150,000)
<b>Net Change in Fund Balances</b>	<b>\$ 1,648,025</b>	<b>\$ (1,252,217)</b>	<b>\$ (389,077)</b>	<b>\$ 435,303</b>	<b>\$ (686,048)</b>	<b>\$ (441,295)</b>	<b>\$ (482,019)</b>	<b>\$ 3,626,409</b>	<b>\$ 3,825,980</b>	<b>\$ 2,979,603</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

Source: District records  
Note: Noncapital expenditures are total expenditures less capital outlay

**NORTH HANOVER BOARD OF EDUCATION**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	MISCELLANEOUS	SOLAR ENERGY CREDITS	TUITION	TOTAL
2015	\$ 127,333	\$ 156,663	\$ 77,245	\$ 25,197	\$ 386,438
2014	115,573	17,025	36,095	-	168,693
2013	99,188	76,031	-	-	175,219
2012	110,014	53,862	-	-	163,876
2011	150,480	99,257	-	-	249,737
2010	210,839	168,349	-	-	379,188
2009	560,353	192,512	-	-	752,865
2008	1,302,234	89,594	-	-	1,391,828
2007	1,543,417	95,643	-	-	1,639,060
2006	1,615,938	66,899	-	55,106	1,737,943

Source: District records

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**Revenue Capacity Information**

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	TAX EXEMPT PROPERTY	PUBLIC UTILITIES (a)	NET VALUATION TAXABLE	LOCAL SCHOOL TAX RATE (b)	EQUALIZED VALUE
2014	\$ 8,112,300	\$ 297,721,500	\$ 43,346,300	\$ 4,030,644	\$ 52,680,900	\$ 327,800	\$ 13,060,100	419,279,544	\$ 192,231,020	\$ 924,253	420,203,797	0.600	\$ 410,445,398
2013	8,135,900	297,498,400	43,305,900	3,999,062	52,406,450	327,800	13,060,100	418,733,612	191,867,720	1,144,222	419,877,834	0.546	429,187,138
2012	7,626,700	299,041,200	47,208,400	3,817,000	55,552,750	327,800	14,068,500	427,642,350	186,808,500	1,130,610	428,772,960	0.514	440,784,678
2011	7,469,300	300,264,900	42,790,000	3,828,800	58,829,650	-	14,139,900	427,322,550	191,648,300	1,130,610	428,453,160	0.494	458,272,038
2010	4,201,200	171,210,250	22,355,150	2,855,777	26,918,100	-	7,127,300	234,667,777	83,757,550	473,019	235,140,796	0.863	496,725,277
2009	4,534,700	171,085,100	21,676,400	2,643,127	29,645,700	-	7,127,300	236,712,327	82,811,700	473,019	237,185,346	0.823	556,802,474
2008	4,701,550	169,389,600	21,988,750	2,691,627	29,309,650	-	7,120,300	235,201,477	82,701,800	507,590	235,709,067	0.803	461,269,812
2007	5,054,100	165,948,150	21,257,600	2,871,377	29,440,250	-	7,346,300	231,917,777	77,878,200	490,186	232,407,963	0.783	455,320,108
2006	4,328,050	162,828,650	18,051,600	2,914,050	27,434,000	-	7,346,300	222,902,650	77,922,200	689,343	223,591,993	0.743	425,751,605
2004	4,657,100	159,428,750	17,230,300	3,059,850	27,205,400	-	7,346,300	218,927,700	76,686,600	689,343	219,617,043	0.743	359,822,709

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT & OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP	BURLINGTON	
				OF NORTH HANOVER	COUNTY	
2014	0.600	0.672	1.272	0.315	0.365	1.952
2013	0.546	0.653	1.199	0.293	0.381	1.873
2012	0.514	0.617	1.131	0.277	0.388	1.796
2011	0.494	0.603	1.097	0.273	0.406	1.776
2010	0.863	1.106	1.969	0.457	0.794	3.220
2009	0.823	1.179	2.002	0.406	0.897	3.305
2008	0.803	1.039	1.842	0.381	0.761	2.984
2007	0.783	1.047	1.830	0.297	0.802	2.929
2006	0.743	1.043	1.786	0.297	0.659	2.742
2004	0.743	0.944	1.687	0.297	0.641	2.625

Source: Municipal Tax Collector

**PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2015			2006		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
	Spartan Village	\$6,936,800	1	1.65%		
Crosnest @ Park Farm	4,210,900	2	1.00%			
Hanover Partners - RiteAid	3,241,600	3	0.77%			
Hanover Village Assoc., LLC	3,139,100	4	0.75%		NOT AVAILABLE	
Matrix Hanover Golf, LLC	3,124,000	5	0.74%			
California Village	3,063,400	6	0.73%			
North Mill Associates	2,786,700	7	0.66%			
South Mill Apartments	2,711,100	8	0.65%			
Store and Lock Self Storage	2,589,000	9	0.62%			
Maplewood Apartments	2,322,200	10	0.55%			
Total	<u>\$34,124,800</u>		<u>8.12%</u>	<u>\$0</u>		<u>0.00%</u>

Source: Municipal Tax Assessor

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2014	\$ 8,391,571	\$ 8,227,574	98.05%	\$ 163,997
2013	7,893,876	7,681,550	97.31%	212,326
2012	7,625,093	7,395,314	96.99%	229,779
2011	7,659,117	7,440,241	97.14%	218,876
2010	7,607,626	7,433,685	97.71%	173,941
2009	7,884,085	7,572,199	96.04%	311,886
2008	7,091,963	6,920,525	97.58%	171,438
2007	7,022,724	6,795,851	96.77%	226,873
2006	6,498,335	6,380,469	98.19%	117,866
2004	6,000,660	5,773,292	96.21%	227,368

Source: Municipal records

Collections PY and CY plus Due from State plus overpayments

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**Debt Capacity Information**

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

There is no Outstanding Debt as of June 30, 2015

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

There is no Outstanding Debt as of June 30, 2015

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2015**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
North Hanover Township	\$ 2,741,409	100.00%	\$ 2,741,409
Northern Burlington County Regional	16,411,000	15.53%	2,548,628
Burlington County	303,356,410	1.07%	<u>3,245,914</u>
Subtotal, Overlapping Debt			8,535,951
North Hanover School District Direct Debt			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$ 8,535,951</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**NOTE:**

Debt outstanding data provided by each governmental unit.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of North Hanover Township. This process recognizes that, when considering the District's and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Dollars in Thousands)**

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	\$ 14,493,238	\$ 14,953,108	\$ 16,240,715	\$ 17,620,705	\$ 17,586,066	\$ 16,755,516	\$ 14,455,298	\$ 9,021,059	\$ 7,699,445	\$ 6,649,808
Legal Debt Margin	\$ 14,493,238	\$ 14,953,108	\$ 16,240,715	\$ 17,620,705	\$ 17,586,066	\$ 16,755,516	\$ 14,455,298	\$ 9,021,059	\$ 7,699,445	\$ 6,649,808
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal Year 2014**

	Equalized Valuation Basis
Average Equalized Valuation of Taxable Property	\$ 414,092,511
Debt Limit (3.5% of Average Equalization Value)	\$ 14,493,238
Legal Debt Margin	\$ 14,493,238

**Source:** Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

### **Demographic and Economic Information**

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2014	7,647	N/A	7.1%
2013	7,661	51,638	10.4%
2012	7,725	51,079	11.5%
2011	7,692	48,318	11.1%
2010	* 7,685	47,391	11.4%
2009	7,368	46,496	10.7%
2008	7,371	47,673	6.3%
2007	7,401	45,420	4.6%
2006	7,503	43,365	5.1%
2005	7,511	40,686	4.7%

**Source:**

Population information provided by the NJ Dept of Labor and Workforce Development

Per Capita - Source U.S. Department of Commerce, Bureau of Economic Assistance

Unemployment data provided by the NJ Dept of Labor and Workforce Development

\* 2010 Census

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

	2015		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Twin Oaks Moving Co.	40-50	1	N/A
Thermal Piping	30-50	2	N/A
Specialty Fabricators	38	3	N/A
United Communities	30	4	N/A
Herman's Trucking	30	5	N/A
Matrix Hanover Golf	21	6	N/A
Maranatha	18	7	N/A
Tara's Tavern	18	8	N/A
Rite Aid	16	9	N/A
G.W Tire	12	10	N/A
Total	<u>183</u>		

**2006 NOT AVAILABLE**

**Source:** Municipal Records

### **Operating Information**

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Regular	96	95	94	107	107	107	108	109	110	112
Special Education	52	59	57	33	33	33	32	32	31	32
Other Special Education	6	12	12	7	7	7	7	7	7	7
Support Services:										
Student & Instruction Related Services	12	24	27	46	46	53	48	58	58	58
School Administrative Services	13	15	15	5	5	5	5	5	5	5
General & Business Administrative Services	2	2	2	2	2	2	2	2	2	2
Plant Operations & Maintenance	19	30	31	23	23	23	24	25	24	24
Pupil Transportation	4	11	11	5	5	5	5	5	4	4
Business & Other Support Services	7	7	6	5	5	5	5	5	6	6
Food Service	6	6	6	8	8	8	8	8	8	8
<b>Total</b>	<b>217</b>	<b>261</b>	<b>261</b>	<b>241</b>	<b>241</b>	<b>248</b>	<b>244</b>	<b>256</b>	<b>255</b>	<b>258</b>

**Source:** District Personnel Records

NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2015	1,199	\$ 22,679,396	18,915	11.77%	148	8	1,209	1,141	-4.58%	94.38%
2014	1,292	21,864,964	16,923	-2.04%	134	10	1,267	1,199	14.66%	94.63%
2013	1,282	22,146,870	17,275	-3.10%	136	9	1,105	1,047	-10.38%	94.75%
2012	1,252	22,321,133	17,828	-2.10%	140	9	1,233	1,172	4.14%	95.05%
2011	1,182	21,525,805	18,211	-1.12%	140	8	1,184	1,123	3.59%	94.85%
2010	1,143	21,051,632	18,418	2.83%	140	8	1,143	1,082	0.26%	94.66%
2009	1,140	20,417,687	17,910	7.06%	140	8	1,140	1,052	-1.81%	92.28%
2008	1,157	19,354,937	16,729	10.16%	140	8	1,161	1,078	-4.05%	92.85%
2007	1,210	18,374,357	15,185	13.67%	141	9	1,210	1,141	-5.62%	94.30%
2006	1,282	17,126,119	13,359	3.46%	144	9	1,282	1,233	-2.73%	96.18%

Sources: District records

a Operating expenditures equal total expenditures less debt service and capital outlay

b Teaching staff includes only full-time equivalents of certificated staff

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary Schools:										
Columbia School:										
Square Feet	38,007	38,007	38,007	38,007	38,007	38,007	38,007	38,007	38,007	38,007
Capacity (Students)	273	273	273	273	273	273	273	273	273	273
Enrollment	N/A	N/A	N/A	N/A	N/A	161	167	160	170	189
Discovery School:										
Square Feet	36,154	36,154	36,154	36,154	36,154	36,154	36,154	36,154	36,154	36,154
Capacity (Students)	244	244	244	244	244	244	244	244	244	244
Enrollment	282	337	330	342	299	321	307	320	326	359
Atlantis School:										
Square Feet	39,855	39,855	39,855	39,855	39,855	39,855	39,855	39,855	39,855	39,855
Capacity (Students)	283	283	283	283	283	283	283	283	283	283
Enrollment	228	234	234	219	197	180	202	181	206	222
C. B. Lamb Elementary School:										
Square Feet	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Capacity (Students)	446	446	446	446	446	446	472	472	472	472
Enrollment	419	419	408	431	416	216	224	224	342	331
Upper Elementary School:										
Square Feet	125,729	125,729	125,729	125,729	125,729	125,729	125,729	N/A	N/A	N/A
Capacity (Students)	487	487	487	487	487	500	500	N/A	N/A	N/A
Enrollment	291	291	304	269	265	240	272	N/A	N/A	N/A

Number of Schools at June 30, 2014  
Elementary = 4

Source: District Facilities Office

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Columbia School	\$ 6,000	\$ 6,000	\$ -	\$ 19,244	\$ -	\$ 60,168	\$ 90,399	\$ 65,611	\$ 49,846	\$ 69,153
Discovery School	151,520	70,005	65,000	85,016	90,794	56,305	77,231	66,580	70,219	55,950
Atlantis School	158,720	69,694	70,000	71,150	63,911	63,338	77,169	68,802	69,878	58,265
Challenger School	-	-	-	-	-	-	-	146	56,358	44,128
C.B. Lamb School	264,551	98,870	79,000	107,162	114,704	82,107	68,751	73,669	94,418	84,426
Upper Elementary School	216,866	76,950	136,000	141,360	134,452	127,725	109,270	85,250	-	-
<b>Total School Facilities</b>	<b>\$ 797,657</b>	<b>\$ 321,519</b>	<b>\$ 350,000</b>	<b>\$ 423,932</b>	<b>\$ 403,861</b>	<b>\$ 389,643</b>	<b>\$ 422,820</b>	<b>\$ 360,058</b>	<b>\$ 340,719</b>	<b>\$ 311,922</b>

Source: District records

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015**

EXHIBIT J-20

	COVERAGE	DEDUCTIBLE
<b>School Package Policy - NJ School Boards Association Insurance Group (NJSBAIG)</b>		
Blanket Real and Personal Property	\$ 500,000,000	\$ 5,000
Comprehensive General Liability	16,000,000	-
Electronic Data Processing	950,000	1,000
General Automobile Liability	16,000,000	1,000
Blanket Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Crime Coverage Form - Employee Theft		
Selective Insurance	25,000	500
Workers' Compensation - NJSBAIG, BACCEIC	2,000,000/2,000,000/2,000,000	-
School Board Legal Liability	16,000,000	5,000
Voluntary Student Accident Insurance - AIG Life Insurance Company	500,000	-
Surety Bonds - Selective Insurance		
Treasurer	272,500	
Board Secretary	100,000	

Source: District records

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and Members  
of the Board of Education  
North Hanover Board of Education  
County of Burlington  
Wrightstown, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the North Hanover Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise North Hanover Board of Education’s basic financial statements, and have issued our report thereon dated December 11, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Hanover Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Hanover Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of North Hanover Board of Education’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether North Hanover Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1101

Medford, New Jersey  
December 11, 2015



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-  
133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08.**

Honorable President and Members  
of the Board of Education  
North Hanover Board of Education  
County of Burlington  
Wrightstown, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited North Hanover Board of Education’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2015. North Hanover Board of Education’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of North Hanover Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state

program occurred. An audit includes examining, on a test basis, evidence about North Hanover Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of North Hanover Board of Education's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, North Hanover Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of North Hanover Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Hanover Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Hanover Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1101

Medford, New Jersey  
December 11, 2015

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**NORTH HANOVER BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2014 (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) 2015	DEFERRED REVENUE 2015	DUE TO GRANTOR 2015
U.S. Department of Agriculture:										
Passed-through State Department of Education:										
Food Distribution Program	10.550	Unavailable	\$ 35,020	7/1/14-6/30/15	\$ -	\$ 35,020	\$ (35,020)	\$ -	\$ -	\$ -
National School Breakfast Program	10.553	Unavailable	36,049	7/1/14-6/30/15	-	28,499	(36,049)	(7,550)	-	-
National School Breakfast Program	10.553	Unavailable	30,376	7/1/13-6/30/14	(2,594)	2,594	-	-	-	-
Supplemental Nutrition Assistance Program	10.551	Unavailable	6,116	7/1/13-6/30/14	-	4,845	(6,116)	(1,271)	-	-
Supplemental Nutrition Assistance Program	10.551	Unavailable	6,683	7/1/13-6/30/14	(544)	544	-	-	-	-
National School Lunch Program	10.555	Unavailable	163,371	7/1/14-6/30/15	-	130,131	(163,371)	(33,240)	-	-
National School Lunch Program	10.555	Unavailable	166,775	7/1/13-6/30/14	(13,650)	13,650	-	-	-	-
Total U.S. Department of Agriculture					(16,788)	215,283	(240,556)	(42,061)	-	-

**U.S. DEPARTMENT OF EDUCATION PASSED-  
THROUGH STATE DEPARTMENT OF EDUCATION:**

P.L. 103-382 Impact Aid Section 8003(b)	84-041	Unavailable	8,619,622	Various	-	8,619,622	(8,619,622)	-	-	-
P.L. 103-382 Impact Aid Section 8003(d)	84-041	Unavailable	14,646	Various	-	14,646	(14,646)	-	-	-
P.L. 108-375 Impact Aid D.O.D.	84-041	Unavailable	362,555	Various	-	362,555	(362,555)	-	-	-
Medical Assistance Program	93-778	Unavailable	10,160	7/1/14-6/30/15	-	10,160	(10,160)	-	-	-
N.C.L.B.:										
Title I - Part A	84-010	NCLB061014	133,976	9/1/13-8/31/14	(10,873)	10,873	-	-	-	-
Title I - Part A	84-010	NCLB061015	224,183	9/1/14-8/31/15	-	107,410	(146,769)	(39,359)	-	-
Title II - Part A	84-367	NCLB061015	54,911	9/1/14-8/31/15	-	11,482	(17,071)	(5,589)	-	-
I.D.E.A. Part B, Basic Regular	84-027	FT365014	277,057	9/1/13-8/31/14	(10,053)	10,053	-	-	-	-
I.D.E.A. Part B, Basic Regular	84-027	FT365015	305,693	9/1/14-8/31/15	-	155,711	(281,651)	(125,940)	-	-
I.D.E.A. Preschool	84-173	FT365015	15,072	9/1/14-8/31/15	-	2,235	(15,072)	(12,837)	-	-
I.D.E.A. Preschool	84-173	FT365014	14,897	9/1/13-8/31/14	(2,235)	2,235	-	-	-	-
Total U.S. Department of Education					(23,161)	9,306,982	(9,467,546)	(183,725)	-	-
Total Federal Financial Assistance					\$ (39,949)	\$ 9,522,265	\$ (9,708,102)	\$ (225,786)	\$ -	\$ -

**NORTH HANOVER BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	ACCOUNTS RECEIVABLE 2015	DEFERRED REVENUE 2015	MEMO	
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>State Department of Education:</b>										
General Fund:										
Equalization Aid	15-495-034-5120-078	\$ 9,648,284	7/1/14-6/30/15	\$ -	\$ 9,648,284	\$ (9,648,284)	\$ -	\$ -	\$ (954,990)	\$ 9,648,284
Transportation Aid	15-495-034-5120-014	426,591	7/1/14-6/30/15	-	426,591	(426,591)	-	-	(42,224)	426,591
Special Education Aid	15-495-034-5120-089	588,916	7/1/14-6/30/15	-	588,916	(588,916)	-	-	(58,291)	588,916
Adjustment Aid	15-495-034-5120-085	417,899	7/1/14-6/30/15	-	417,899	(417,899)	-	-	(41,364)	417,899
Security Aid	15-495-034-5120-084	189,856	7/1/14-6/30/15	-	189,856	(189,856)	-	-	(18,792)	189,856
Educational Adequacy Aid	15-495-034-5120-083	145,182	7/1/14-6/30/15	-	145,182	(145,182)	-	-	(14,370)	145,182
PARCC Readiness Aid	15-495-034-5120-098	11,980	7/1/14-6/30/15	-	11,980	(11,980)	-	-	(1,186)	11,980
Per Pupil Growth Aid	15-495-034-5120-097	11,980	7/1/14-6/30/15	-	11,980	(11,980)	-	-	(1,186)	11,980
Extraordinary Special Education Costs Aid	15-495-034-5120-044	115,815	7/1/14-6/30/15	-	-	(115,815)	-	-	-	115,815
Extraordinary Special Education Costs Aid	14-495-034-5120-044	141,165	7/1/13-6/30/14	(141,165)	-	-	-	-	-	-
Transportation Aid Reimbursement	15-495-034-5120-014	2,784	7/1/14-6/30/15	-	-	(2,784)	-	-	-	2,784
Transportation Aid Reimbursement	14-495-034-5120-014	2,197	7/1/13-6/30/14	(2,197)	-	-	-	-	-	-
On-Behalf TPAF Pension Contributions	15-495-034-5095-001	542,621	7/1/14-6/30/15	-	542,621	(542,621)	-	-	-	542,621
On-Behalf TPAF Post-Retirement	15-495-034-5095-001	861,411	7/1/14-6/30/15	-	861,411	(861,411)	-	-	-	861,411
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	703,476	7/1/14-6/30/15	-	670,160	(703,476)	(33,316)	-	-	703,476
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	735,282	7/1/13-6/30/14	(36,560)	36,560	-	-	-	-	-
<b>Total General Fund</b>				<b>(179,922)</b>	<b>13,694,802</b>	<b>(13,666,795)</b>	<b>(151,915)</b>	<b>-</b>	<b>(1,132,403)</b>	<b>13,666,795</b>
<b>Special Revenue Fund:</b>										
Mentor Training	05-495-034-5120-05	1,560	Indefinite	1,560	-	-	-	1,560	-	-
<b>Total Special Revenue Fund</b>				<b>1,560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,560</b>	<b>-</b>	<b>-</b>
<b>Enterprise Fund:</b>										
National School Lunch Program	15-100-010-3360-067	4,884	7/1/14-6/30/15	-	3,873	(4,884)	(1,011)	-	-	4,884
National School Lunch Program	14-100-010-3360-067	5,285	7/1/13-6/30/14	(431)	431	-	-	-	-	-
<b>Total Enterprise Fund</b>				<b>(431)</b>	<b>4,304</b>	<b>(4,884)</b>	<b>(1,011)</b>	<b>-</b>	<b>-</b>	<b>4,884</b>
<b>Total State Financial Assistance</b>				<b>\$ (178,793)</b>	<b>\$ 13,699,106</b>	<b>\$ (13,671,679)</b>	<b>\$ (152,926)</b>	<b>\$ 1,560</b>	<b>\$ (1,132,403)</b>	<b>\$ 13,671,679</b>
On-Behalf TPAF Pension Contributions		\$			\$ 542,621					
On-Behalf TPAF Post-Retirement					861,411					
<b>Total State Financial Assistance Reported on Single Audit Summary</b>					<b>\$ (12,267,647)</b>					

**NORTH HANOVER BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2015**

**Note 1. General**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the North Hanover Board of Education. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Basis of Accounting**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements.

**Note 3. Relationship to Basic Financial Statements**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(49,170) for the general fund and \$13,858 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**NORTH HANOVER BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2015**

**Note 3. Relationship to Basic Financial Statements (continued):**

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ 8,603,843	\$ 13,617,625	\$ 22,221,468
Special Revenue Fund	474,421	-	474,421
Sick Pay Trust	48,140	-	48,140
Food Service Fund	<u>595,557</u>	<u>4,883</u>	<u>600,440</u>
Total Financial Assistance	<u>\$ 9,721,961</u>	<u>\$ 13,622,508</u>	<u>\$ 23,344,469</u>

**Note 4. Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**Note 5. Other**

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**Note 6. Federal and State Loans Outstanding**

The North Hanover Board of Education had no loan balances outstanding at June 30, 2015.

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2015**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

**Federal Awards**

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance With 510(A) of Circular A-133	None Reported

**Identification of major programs:**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.041 10.553 / 10.555	PL103-382 Federal Impact Aid & Defense Aid Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):  
For the Fiscal Year Ended June 30, 2015**

**Section I – Summary of Auditor’s Results (continued)**

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$368,029
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	Unmodified
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04 and/or 15-08	None Reported

**Identification of major programs:**

GMIS Number(s)	Name of State Program
15-495-034-5120-078	State Aid Cluster:
15-495-034-5120-084	Equalization Aid
15-495-034-5120-089	Security Aid
15-495-034-5120-083	Special Education Categorical Aid
15-495-034-5120-085	Educational Adequacy Aid
15-495-034-5120-097	Adjustment Aid
15-495-034-5120-098	Per Pupil Growth Aid
15-495-034-5120-044	PARCC Readiness Aid
	Extraordinary Aid

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

No Current Year Findings

**Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB’s Circular Letter 04-04 and/or 15-08.

No Current Year Findings

**NORTH HANOVER TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04 and/or 15-08.

No Prior Year Findings